Daily Report

Latin America

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Cuba

Cuban Assembly President Views U.S. Embargo

PA0402162594 Hamburg DPA in Spanish 1406 GMT 4 Feb 94

[Report by Juan Carlos Tellechea]

[Text] Dresden, 4 Feb (DPA)—Ricardo Alarcon, president of the Cuban National Assembly who is in this city today at the end of his official three-day visit to Germany, has said that U.S. President Bill Clinton has moderated the policy on Cuba that the George Bush administration handed down to Clinton through the Torricelli Law.

After expressing to his German hosts measured optimism about the possibility of the U.S. embargo against Cuba being eased during the latter half of Clinton's current term, or his second term should he be reelected, Alarcon told DPA that Havana has observed Washington becoming more flexible in the practical enforcement of the strict embargo.

Alarcon, a former foreign minister and deputy foreign minister, was until today guest of Rita Sussmuth, president of the German Federal Parliament (Bundestag). Alarcon met with representatives of the government of Chancellor Helmut Kohl, federal deputies, and members of the regional parliaments of Bremen and Saxony in the former East Germany.

Alarcon believes an eventual easing of the U.S. embargo against Cuba, which has lasted more than three decades, can take place in Clinton's second term, because the issue is still too heavily loaded, ideologically speaking, and the U.S. Administration still does not have enough latitude to make a political decision of this nature.

Alarcon, who did not conceal from his hosts Cuba's interest in the current PRC model of evolution toward political liberalization by way of cautious economic reforms, nevertheless said that so far there has been no direct official contact between the U.S. and Cuban governments. [sentence as received]

According to Alarcon, Havana observes "the U.S. Government's language is changing." For example, Cuban authorities have taken notice of "a reiterated statement by the U.S. State Department and Assistant Secretary of State Watson, saying that U.S. territory will not be permitted to be used for terrorist activities or violence against Cuba."

Alarcon said: "This is what the American Neutrality Act states, and this is normal in international law. But the United States never said this during the past 12 years of Republican administrations. This is something we cannot overlook."

He added that "the U.S. Government's position during the neuritis epidemic in Cuba" must also be considered in this regard. Washington "did not object to several U.S. scientists from National Institute of Health traveling to Cuba." The U.S. scientists "cooperated with Cuban authorities and made very unbiased remarks about Cuba when they concluded their work." The experts "returned to the United States, but kept in touch with Cuban researchers. The reason for this is still being discussed and pondered. It is interesting to note this, because the neuritis epidemic can occur elsewhere."

Alarcon declined to comment on the lifting of the U.S. embargo on Vietnam after 20 years. He also elected not to imply that he can base his moderate optimism concerning Cuban-U.S. relations on this decision.

The Clinton era represents for the United States a great leap ahead, since the generation that served in World War II and experienced "McCarthyism" until the time of the young men who either fought or refused to enlist in the Vietnam war. [sentence as received]

The personalities who were active during the administrations of John F. Kennedy and Lyndon Johnson have disappeared or retired, while some who belonged to Jimmy Carter's time are still alive. Nevertheless, most members of the Clinton team are much younger people, unrelated to active politics since they were in the opposition during the quarter century of the Republican Party's several terms in the White House—since Richard Nixon in 1968.

All this can explain to Cuban authorities the whys and wherefores of the transformations under way today in the United States, and why the Clinton administration has established a policy allowing women and Hispanics to hold positions of responsibility.

Arrest of Alpha 66 Members by U.S. Coast Guard Reported

FL0802170194 Havana Radio Progreso Network in Spanish 1200 GMT 8 Feb 94

[Text] The U.S. Coast Guard arrested members of the anti-Cuban terrorist organization Alpha 66, who were traveling on board a boat on which agents found weapons, ammunition, and money. According to information from Miami, one of the detainees, Rodolfo Frometa, admitted that they had attempted to carry out an expedition in Cuba, supposedly to land men ashore, but had problems with their boat. The report also points out that these members of Alpha 66 may be accused of violating the U.S. neutrality law.

Lage Scheduled To Meet With Venezuelan President

FL0802160294 Havana Radio Rebelde Network in Spanish 1000 GMT 8 Feb 94

[Text] Cuban Vice President Carlos Lage will meet with Venezuelan President Rafael Caldera today in Caracas. Lage arrived in Venezuela from Brazil, where he met with President Itamar Franco and other government officials, political leaders, and local businessmen.

Venezuelan media have reported that Caldera has the intention of maintaining good relations with Cuba. In Caracas, Lage will also meet with Venezuelan Foreign Minister Miguel Angel Burelli, who aspires to become secretary general of the Organization of American States and who has recently declared that he favors the reintegration of Cuba into that Panamerican association.

Another important meeting that Lage will hold during his brief stay in Venezuela will be with the directorate of the Petroleos enterprise to examine the possibilities of resuming the triangular oil trade that existed between Caracas, Moscow, and Havana. In statements to the press in Rio de Janeiro, prior to his departure for Caracas, Lage pointed out that every day the United States is more isolated in its policy of blockade against Cuba. He added that an example of this is the passage of resolutions against Washington's economic retaliations against Havana by the UN General Assembly for two consecutive years.

Today, Lage will travel to Colombia on an official visit.

Meets Caldera, Businessmen

FL0902031394 Havana Radio Rebelde Network in Spanish 0000 GMT 9 Feb 94

[Text] Cuban vice President Carlos Lage met this afternoon with Venezuelan President Rafael Caldera, with whom he discussed the possibilities of strengthening bilateral ties. Lage is the first foreign figure to meet with President Caldera. The main topics discussed were oil trade, and prospects for the export of Cuban biotechnology products to Venezuela, as well as the need to intensify the struggle against the U.S. blockade of Cuba.

Lage also met with several Venezuelan businessmen and will travel early tomorrow to Colombia.

[In the same cast, Rebelde adds that during his trip to Caracas, Lage reiterated Cuba's interest in promoting Latin American investments in Cuba, which is taking measures to adapt its economy to global conditions. Lage met with Venezuelan Foreign Minister Miguel Angel Burelli Rivas and other officials. Lage added that Cuba is opening to foreign capitals, preferably in Latin America, with which it hopes to strengthen political ties and move toward integration. Lage stressed that Cuba does not want to become capitalist, just to adapt to the global situation and perfect the socialist model.]

Lage Requests New Oil Trade Accord With Venezuela, Russia

PA0902022594 Havana Radio Havana Cuba in Spanish 0100 GMT 9 Feb 94

[From the "Evening Information Review" newscast]

[Text] Cuban Vice President Carlos Lage Davila met with Venezuelan President Rafael Caldera to analyze various bilateral relation issues regarding the situation on the island. Lage told the media that, among other issues, he and President Caldera discussed strengthening common ties, the need to increase the struggle against the U.S. economic blockade of Cuba, and the island's opening to foreign capital with preference to Latin American capital.

Lage also said Cuba is interested in resuming the triangular fuel trade it had in the past with Venezuela and the former Soviet Union.

Regarding the results of his visit to Venezuela, Lage said there are prospects for exporting products from the Cuban pharmaceutical and biological industry to that nation.

Lage will travel to Colombia on 9 February at the invitation of President Cesar Gaviria, with whom he will meet in Santa Fe de Bogota, as well as with other government officials and representatives of the private sector.

[Hamburg DPA in Spanish at 2358 GMT on 8 February transmits a report on Lage's visit to Venezuela that adds: "After a 'surprise' meeting with Petroven [Venezuelan Petroleum] experts, Cuban Vice President Carlos Lage confirmed today in Caracas that an agreement for the supply of crude oil is being negotiated with Venezuela. The agreement also includes Russia through a triangular trade mechanism."]

Alarcon Interviewed in Paris

FL0802165194 Havana Radio Rebelde Network in Spanish 1253 GMT 8 Feb 94

[Telephone interview with Ricardo Alarcon, president of the National Assembly of the People's Government, in Paris by Radio Rebelde journalist Maria Elena Alonso—live, monitored in progress]

[Text] [Alonso]...Cuban official on his tour through Europe. A very good afternoon to you, Alarcon.

[Alarcon] Good afternoon, Comrade.

[Alonso] We have been following your meetings very attentively, in both Belgium and Germany—with parliamentarians, government representatives, and businessmen's groups. Let us talk a little about the talks you have had in France, please.

[Alarcon] In France we have talked with Deputy Andre Santini, who is the chairman of the production and exchange committee of the [National] Assembly—who, as a matter of fact, will be arriving in Havana next Sunday [13 February] at the head of a delegation from the French National Assembly. He is also the president of the French National Assembly's Friendship With Cuba group and a leader of one of the parties in the current French Government.

In fact, we have just come from a very important meeting with comrade (Robert Hughes), who is the new national secretary of the French Communist Party

[PCF]. We met with him and a group of comrades from that party. It was truly a very friendly meeting—there was a lot of camaraderie—at which the PCF's very clear policy of solidarity with Cuba was reiterated.

As you know, the PCF has been at the center of a growing movement of solidarity with Cuba that has been expressed through the ship of solidarity, and recently the plane that [word indistinct] Cuba, with its group of persons of all leanings from France, carrying, in addition, important material aid. And there is much contact with friendship associations and with the entire movement of solidarity with Cuba in this country, in which the PCF has been (?at the very center).

Comrade (Hughes) reaffirmed to us very clearly the continuity of that policy on the part of the PCF, following the congress during which he was elected national secretary. We brought him a message from Comrade Fidel. It was truly a very gratifying, very friendly conversation.

Tomorrow, we will meet with the president of the French National Assembly and with the president of the Senate, and we also have another meeting with French parliamentarians.

[Alonso] We understand that you and the delegation that you are heading will be ending your tour of Europe next Friday [11 February].

[Alarcon] (?Yes) [Words indistinct] we will be back in Cuba.

[Alonso] If you were to make an overall assessment, how would you describe the talks and meetings in these three countries?

[Alarcon] I would say that, in the first place, there is a great and growing interest in Cuba's situation. People want to know about our problems, about our prospects, from a point of view that I would describe as very open, very objective. We really have talked to people of every inclination, every ideological position, every point of view, and every profession—including important businessmen, especially in Germany. And Cuba has encountered that open attitude toward what Cuba means today, in the world, and also a growing empathy. I mean, I think the stage of astonishment over how Cuba was able to survive the tremendous blow of the disappearance of the Soviet Union, the socialist bloc, etc., is over; now people are beginning, rather, to study our experience.

Moreover, to many people in Europe, Cuba means the very singular case of a country where material and economic difficulties are being confronted while there is, at the same time, an attempt to preserve such fundamental human values as solidarity, respect for people's rights, etc.

Europe leaves one with a very interesting impression: One walks the streets here and finds, all over the place, street musicians, acrobats, people out there inventing things, to see how they can survive—in one of the planet's most developed places but a place where the main theme is unemployment, is what they call marginalized people, those on the margins of society.

(?I was just) seeing, over French television here, how the level of unemployment in the western part of Germany already exceeds 4 million. In the former GDR, the figures are even more impressive. It goes as high as 20 percent of the work force in parts of that country.

That is to say, there are very serious problems there. Many people have no place to live. They found themselves in the streets; and, in the streets, they sing, recite poetry, do acrobatics, seek ways to get help from others in order to survive. And they see the case of Cuba—a poor, underdeveloped country, but one where, collectively, making use of the wisdom of all, we try to find ways to solve our problems while preserving the kind of society that many truly find inspirational, [repeats] many, going beyond affinities and.... [leaves sentence unfinished]

[Alonso] Of course. By contrast I wanted Alarcon—because it happens that a delegation of French businessmen is in our country from the National Council of French Employers [Consejo Nacional del Patronato Frances], a private organization that is here to assess possibilities for doing business. I tell you this because, I repeat: You are over there, and we have this other delegation over here.

[Alarcon] [Words indistinct] has talked to me about that visit, a very important visit. They are not simply a group of businessmen. They represent the employers of France, the owners of French businesses. There are some very important firms represented there, heavy-weight firms. And, as I was saying to you, to this is added the parliamentary delegation that arrives Sunday, and a third group of French friends, promoters of Havana cigars, which are very popular here. They, too, are going to be in Havana these days. So there will soon be representatives of the cream of French society over there.

As for this businessmen's delegation that is over there now: Here in Paris, the people we have spoken with look upon it with great interest, and also as evidence of an interest in studying the Cuban market and establishing increasingly solid ties.

[Alonso] Thank you very much, Alarcon, for your words for the "Doing Radio" program. Have a good return trip.

[Alarcon] Thank you.

Increasing Prices To Absorb Currency Discussed

FL0902003994 Havana Radio Rebelde Network in Spanish 1700 GMT 8 Feb 94

["Straight Talk" Program with host Juan Carlos Roque Garcia and guest Osvaldo Rodriguez of JUVENTUD REBELDE magazine—live or recorded]

[Roque] Today, Osvaldo Rodriguez will discuss the suggestions to increase prices as a method of absorbing some of the excess currency. This is a topic arising from the process at work centers, the workers parliaments, during which workers have suggested increasing the prices of regulated products.

[Rodriguez] Yes, I believe these ideas refer not only to products listed in the industrial-consumption or food-consumption catalogs, but also to other products such as gasoline for personal use. There are those who suggest we return to a parallel market. That would be marvelous.

But how would we establish a parallel market? Resources are needed to import products, resources, or raw materials in order to produce things in Cuba, or a combination of these items, which is how we carried out a parallel market. The parallel market would be a good solution, but we do not have the conditions for a parallel market.

[Roque] Nevertheless, there are some products today that are still being subsidized.

[Rodriguez] Yes, there are basic products for human consumption that are subsidized, and I believe that for now, we cannot even think about increasing prices on them. I am talking about milk. Milk is sold at 25 cents. Nevertheless, the production cost of a liter of milk in Cuba, the cost not only at the dairy farm, but at the marketplace as well, is much more. That is a subsidized product. Obviously, today we are discussing—and I tend to believe we should subsidize people, not products—whether that is how things should be. I believe they should. I believe we should subsidize people with lower incomes so they can purchase that milk at 25 cents.

[Roque] I am referring to products that are not basic, but other products—we could say industrial products—that are priced very low.

[Rodriguez] Yes, I believe our pricing policy has been a bit generous in that sense. In the world, raw materials have increased in value, fuel prices have increased, labor costs have increased in Cuba. The general salaries reform increased the cost of labor. Yet, we remain static, with the same prices for dozens of years.

[Roque] What should we do then?

[Rodriguez] Well, I believe a policy of prices in harmony with the current situation should be considered. That is the suggestion many workers have made. The problem is that we lack products. Today, when you look at the spectrum of what we are receiving through the official market, rum and cigarettes are two of those products that we would not call "necessities."

[Roque] "Necessities" in quotation marks.

[Rodriguez] That is right—in quotation marks. I believe these could be easy targets, explainable and reasonable, for a noticeable price increase. Some have even suggested eliminating the cigarette from the quota because right now cigarettes are being sold at three different prices: 30 cents for those regulated by the quota; the other, which they call additional, for 1.60 pesos; and when sought on the free market, another at 8 pesos.

[Roque] Could all these be joined together?

[Rodriguez] I believe they could. That is the suggestion the workers have been making in the parliaments.

[Roque] This idea is for cigarettes. People may be able to understand that, but there are other ideas, about rum, that people have not been able to accept.

[Rodriguez] The problem is that we are talking about two different products that should not be lacking in that market. Yet there is a shortage. Way before cigarettes, I remember there began to be a shortage of rum. At the time, they claimed that there was a problem with the bottles.

[Roque] That was the first problem.

[Rodriguez] Yes, the first problem. Nevertheless, since then, we have seen other causes. The recent sugar harvest was a small harvest. A harvest of 4.2 million tonnes, a sugar harvest that left little molasses. When you have little molasses, you must decide whether you are going to produce more alcohol or use it for animal feed. Today, we need to recover our livestock, so the decision is obvious. Now, when you allot a quantity to the production of alcohol, you must maintain a level of supply on the world market because it is a way to generate income. It is a product that has a market, which we cannot give up. Renato [Recio] discussed this not too long ago on a program on this subject.

With a bottle of rum, we could probably buy three packages of aspirin—with just one bottle on the world market. We need that money and the hard currency. At the same time, this goes against the very production of the domestic market. The domestic market has suffered, even though the international market has also suffered because when you distill molasses, you do not always obtain alcohol at a level of quality for that international market. Then there are two or three grades. When one reduces the amount of molasses distilled, one also reduces the amount of product to be allocated for the foreign market.

[Roque] In view of the fact that there is little production, there are provinces such as Havana City that maintain distribution of the regulated rum, and it becomes an obligation to the consumer having to guarantee that bottle every month.

[Rodriguez] I believe this is a mistake. My personal opinion is—and I believe we have come here to speak frankly—that this is a mistake. When you regulate, you are obligated. The same thing happens with cigarettes because when you regulate a product, you are obliged to maintain a supply per capita. You give to the person who drinks as well as to the person who does not drink.

[Roque] This creates a black market for rum and cigarettes.

[Rodriguez] Of course.

[Roque] This is something we discussed a few days ago on this program. Nevertheless, I believe we must also seek acceptable criteria so that the new prices are reasonable, because we cannot let some drink rum and smoke while others cannot.

[Rodriguez] Well, this thing about being reasonable is a bit difficult. This topic on prices is very complex. When you think that your salary is around 150 or 200 pesos and you have to face a market to satisfy a vice or addiction, as in the case of the cigarette, you need to buy it at an exorbitant price. This undoubtedly might irritate smokers. As a matter of fact, there are many smokers who are so addicted to cigarettes that they become anxious. Their nervous systems are affected. There are some who cannot even eat. it It is therefore a very delicate subject.

I want listeners to understand the suggestion: If the price of cigarettes would increase—I am not being specific because I have no idea of what the state would be willing to place as a cap, or how much the consumer would be willing to pay—this price would effect both sides, the consumer and the seller. In the case of cigarettes, if the cigarette quota was eliminated, smokers could still get cigarettes. There would be a supply. The same could happen with rum. I do not believe there would be an abundance since there is not enough of the product for abundance. But, if only those people who wish to drink rum were to go to the market to buy it, then to some degree we could solve the problem of demand. Now, I do not believe that regulating these products by price would be legal or ethical, as in a market economy, supply and demand. But if prices were to increase slightly, we might be able to stabilize supply and demand.

[Roque] Osvaldo, I am not clear on what you said about the mechanisms of the market economy.

[Rodriguez] Well, I was referring to one thing—how the market economy operates. Prices are increased until they regulate and stabilize the balance between supply and demand. That is not what I am talking about.

[Roque] That is not the case.

[Rodriguez] I am simply saying that if prices were a bit higher and regulation of these products was eliminated, we would be able to achieve the goal of stabilizing supply and demand and could recover some of the excess currency. If today you consider the price a person who drinks rum is willing to pay for the bottle, and the person who smokes for a box of cigarettes, you would realize that there is undoubtedly a high level of buying power, or liquidity, as it is commonly called in accounting.

[Roque] Yes, but not everybody has the purchasing power or the money to buy the rum or cigarettes at the exorbitant prices being charged.

[Rodriguez] That is why I am saying that they would not be sold at those prices. The price should not be the black market price. A bottle of rum should not be sold at 120 or 100 pesos. That is hyperbole.

[Roque] Because then it would be a privilege to drink rum and smoke in this country, and that cannot be.

[Rodriguez] You are right. I agree that it should not be a privilege. I believe it should be an option, and that everybody should have access to these products, but at an increased price.

[Roque] Undoubtedly, we are discussing a complex topic because these are suggestions that are being made at the workers parliaments. It does not mean that these measures are going to be adopted immediately. That requires a great deal of analysis. Furthermore, not everything that is suggested in these parliaments is going to be implemented. They are suggestions that arise and are later carefully analyzed to determine at what point it is convenient to adopt measures.

[Rodriguez] Soon, there is going to be an extraordinary session of the National Assembly of the People's Government [ANPP] and that is where policies will be established—not measures. Measures cannot be seen separately from the economy. In other words, you cannot adopt a series of measures for this, which we call internal finance, and other measures for the other part of the economy. That is why the workers parliaments today analyze two basic issues: how to increase efficiency at the work center, and suggestions for national measures.

[Roque] You mentioned efficiency. If we were capable of producing some of the products that we give to the population today, at a higher quality, we could also charge a lot more. This would be another way of collecting the excess currency that is circulating on the street. I repeat, these are initiatives and ideas that need to be analyzed because they are important. Bread is an example. I would rather pay 40 cents for a loaf of good bread than 5 cents for a loaf that is not good.

[Rodriguez] Not only that, we need to look at the raw material that is invested to make that bread. The large quantities of materials that are wasted or that spoil.

[Roque] Or the materials that are stolen.

[Rodriguez] Yes, the materials that are stolen. That quantity is also pretty high. But if they could use all the raw materials and resources we have, efficiently, we could undoubtedly have more.

[Roque] Well, we began talking about rum and cigarettes and we ended up talking about bread. In this program we have analyzed some suggestions regarding price as a method of absorbing excess currency.

Minister Views Education Under Difficult Conditions

FL0902024694 Havana Cuba Vision Network in Spanish 0100 GMT 9 Feb 94

["Exclusive" interview with Education Minister Luis Gomez Gutierrez by Ricardo Lopez and Hilda Suarez at the Yuri Gagarin Polytechnic School in Caimito—live]

[Text] [Gomez] Well, during this special period we have learned to do many things in the education centers, and at the Ministry we have learned how to use our resources more rationally. We can also say that with fewer resources, we have begun classes and are trying hard to enhance the quality of education, which we think is possible. We believe that a good education does not depend on imports, currency, or raw materials, but mostly on political willingness. We have this because we have excellent teachers who are opposed to the closing of any school, and who are willing to make all possible efforts so the quality of education will be continually improved.

[Lopez] The schools in the interior involve a more difficult process because there we need some resources, and the agricultural polytechnic institutes are capable of achieving them, the minister said.

[Gomez] Right now we have provinces that have attained higher levels of self-sufficiency in the fields, especially in establishing plans to increase production of pork and milk. They also managed to find rational solutions to water supply problems when there is no electricity. Nevertheless, the schools have been kept open because in each place, everything has been done with intelligence and rationality. It is the third term here and we must now develop our teaching activities under these conditions. Experience has already been accrued and of course we are willing to develop further. We are sure that the living conditions of the students and the workers will be as comfortable as possible.

Vecino Alegret Meets With Dominican President Balaguer

FL0902030294 Havana Radio Rebelde Network in Spanish 0000 GMT 9 Feb 94

[Text] On 8 February, Dominican President Joaquin Balaguer Cabrera met with Higher Education Minister Fernando Vecino Alegret who, as a matter of fact, will complete a three-day visit to the Dominican Republic tomorrow. Balaguer and Vecino Alegret spoke about the observance in the Dominican Republic of the birth of the late Dominican teacher Camila Enrique Surena, who taught at Havana University for many years.

Vecino Alegret relayed to Balaguer a message from Cuban President Fidel Castro, which Balaguer reciprocated, according to sources from the Cuba delegation.

PDC Criticizes Exclusion From Dialogue With Government

PA0802171494 Paris AFP in Spanish 2055 GMT 7 Feb 94

[Text] Madrid, 7 Feb (AFP)—A Cuban Democratic Platform (PDC) communique, released in Madrid, has criticized the "immobile, conservative, and reactionary wing" of the Cuban Government for excluding the organization from a dialogue between the Havana regime and the opposition abroad.

The PDC communique pointed out "one can never choose one's adversaries; reality determines them." This organization is composed of liberals, social democrats, and Christian democrats.

This communique was issued in response to the decision by the Foreign Affairs Committee of the National Assembly of the People's Government to reject PDC participation in this dialogue because its members do not number even "three dozen people" and because, according to the committee, this group has worked for the CIA.

The PDC called these accusations "false" and "useless" and attributed them to sectors of the Cuban regime. The PDC "has enough support and popularity inside and outside Cuba to play an essential role (...) to bring about, without bloodshed, a definitive end to the crisis facing the country." the communique stated.

Haiti

ACP, Contested Senators Form New Senate Office

FL0802202594 Port-au-Prince Radio Metropole in French 1145 GMT 7 Feb 94

[Text] Here is a press release signed by Bernard Sansaricq, president of a new office formed in the Senate of the Republic on 4 February: Any measures contrary to the formation of the new office will be considered null and void.

This press release signed by Bernard Sansaricq says: The Senate office makes it a point to inform national and international institutions and the general public that, following the Senate resolution of 4 February dissolving the former office headed by Senator Firmin Jean-Louis, and following the new elections that were held, Senator Jean-Louis is no longer empowered to represent, or to make commitments on the part of, the Senate.

This new office is headed by Bernard Sansaricq and made up of a number of legislators elected in the contested 18 January elections.

This office was formed the day after the visit to the Senate by U.S. Ambassador William Lacy Swing. The U.S. diplomat had openly brought his support to Senator Firmin Jean-Louis, head of the office formed in August, 1993. It was thus in response to this step by the U.S.

ambassador that the other senators decided to form a new office. Edner Jean filed a report:

[Begin recording] [Jean] Thus, hesitation has ended. The contested legislators elected in the 18 January elections, supported by five regular senators from the Alliance for Parliamentary Cohesion [ACP], on 4 February made good on their warning. The resolution to dismiss him—that sword of Damocles that had been hanging over his head—finally fell upon Firmin Jean-Louis, and his position as head of the Senate was put to a vote by the antiestablishment senators, who opted for the split.

In their complaints, the senators reproached the legally elected president of the National Assembly for his lack of capability and, mostly, for his unconditional support to the Malval government with a view to imposing on Haitian territory the consequences, so hastily planned, of the embargo supported by President Jean-Bertrand Aristide.

Such an attitude, deemed detrimental to the interests of Haiti in general, was interpreted by the contested legislators and the ACP senators as an act of high treason. However, it is basically the U.S. ambassador's visit to Senate President Firmin Jean-Louis that prompted the events. [Senator Thomas Eddy Dupiton] Considering that, to crown the infamy, Senator Firmin Jean-Louis, president of the Senate of the Republic, met with U.S. Ambassador William L. Swing on 3 February to sign with him a joint statement on official Senate letterhead, as if Swing were a Haitian senator; and considering that the Senate office as currently constituted is a cause of tension and exacerbation of the political crisis the country is in; and considering that it is the duty of the Senate faction that is still sane and responsible to shoulder, in this serious circumstance, its patriotic responsibilities in conformity with the duly validated mandate it received from the voters of the nation's nine geographical departments; and considering that for all those reasons, it is urgent that those legislators take measures to protect the collective interest, which is in danger:

Article 1: As of today the Senate office formed by acclamation on 10 August 1993 is and remains dismissed. [end recording]

[Jean] Senator Thomas Eddy Dupiton, who was seen as the future replacement for Firmim Jean-Louis—he had officially announced his candidacy—withdrew that candidacy at the last moment in favor of Bernard Sansaricq. Dupiton considered that he had already played the role of Saint John the Baptist, having been the first to shout in the desert to demand the dismissal of the legal Senate office.

Dupiton wants to pass the ball to Sansaricq, whom he looks upon as Jesus, the messiah who will come to free the Senate and the country as a whole.

Bernard Sansaricq, then, has been unanimously elected head of the ACP [Senate] office and the contested legislators elected on 18 January.

Sansaricq is assisted by Ronel Manigat, as vice president, one of the contested legislators elected on 18 January. Ebrane Cadet, the acting president who just completed his mission, has become first secretary. The only woman among the senators was elected second secretary; and Osny Eugene, another contested legislator elected on 18 January, is the quaestor. [end recording]

Senate President Reaction

FL0802205794 Port-au-Prince Signal FM Radio in French 1130 GMT 8 Feb 94

[Text] The Senate Office has learned over the radio that a pirate Senate office has been formed. The alleged objective of this pirate office is to hamper the operations of the existing Senate institution.

According to a note signed by Senator Firmin Jean-Louis, steps already taken could at last lead to a denouement to the crisis ravaging Haiti.

The Senate Office invites the country's institutions and the entire Haitian people not to let themselves be led into any adventurist maneuvers, which can only plunge the country even further into the abyss and delay the process of setting up a new government, returning to constitutional and democratic order, lifting the embargo, and having the country move toward progress once and for all.

The Senate Office takes this opportunity to announce to the nation that a parliamentary delegation has gone abroad. The delegation will meet with representatives of the United Nations, the OAS, and the governments of the United States, Canada, France, and Venezuela to explore ways and means of getting out of the crisis quickly.

The communique adds: Furthermore, the Senate Office has decided, pending the decision of the assembled Senate, to suspend Senator Ebrane Cadet, Senate Office first secretary, who has destroyed his reputation vis-a-vis the population through his undisciplined and dangerous behavior toward the institution.

The Office of the Senate of the Republic firmly believes that the results of the multiple steps being taken abroad by the parliamentary delegation should calm apprehensions and fulfill everyone's expectations.

This note is signed: Firmin Jean-Louis, senator of the Republic, president.

Monde Denies Reports of Larosiliere for Prime Minister

FL0902020794 Port-au-Prince Radio Metropole in French 1700 GMT 8 Feb 94

[Passages within quotes in Creole]

[Text] Deputy Frantz Robert Monde, member of the Haitian delegation to the United States, categorically denied the information reported on 7 February during the CARENA [Committee of Actions for National Reconciliation] conference regarding the possible nomination of Senator Julio Larosiliere to the post of prime minister. Deputy Monde called those who spread such information irresponsible and, according to him, do so for the purpose of sabotaging the parliament's current work.

Frantz Robert Monde also explains to Radio Metropole that at this phase of the negotiations and discussions, it is a question of finding a modus operandi for obtaining suspension of the sanctions:

[Begin recording] Personally, I denounced this irresponsible action from the person who stated during the CARENA conference that we went to Washington to choose Larosiliere. I think it is a low, cowardly, untimely blow, not coming from a responsible man. In this vein, I assure that lunatic that it is out of question to have Larosiliere or any other person as prime minister right now. We never discussed that. It comes only from his fertile imagination.

"Our first objective is a truce that will allow parliament to vote for a prime minister without the sword of Damocles, the embargo, hanging over our heads. They give us the truce; then we take a position regarding the choice of a prime minister. It is not during this tour... [changes thought] We came to have our points of view heard, to demonstrate how the Haitian people are suffering from the embargo. We did not come to attack this person or that person, but we are asking that Haitians listen to us, understand us, so we may soon find a solution, not the solution of this person or that person, or my solution. Rather it will be a concerted solution from all the concerned elements, the protagonists, the Army—we told them [not further identified] we are very close to the Army, there is nothing to hide."

So far, it has been very constructive. We have had several meetings. First we met with the National Freedom Institute, which invited us. We met with Walter Fautroy. We were very touched by him. Walter Fautroy wept over the fate of Haiti and supported us on the idea of a truce, a temporary lifting of the embargo, a suspension of the sanctions to allow the interested sectors to formulate a concerted strategy. We met on 7 February at the State Department—Pezzullo, Caputo, and some American technicians from the State Department working on the Haitian case. Until now, we have tried to emphasize our point of view as deputies. Normally, the choice of a prime minister would not be of interest to us right now, since he will probably meet the same fate as Malval, or even worse.

What we are interested in is not to negotiate with a knife at our throat. It is out of question for me to meet with President Aristide or discuss the choice of a prime minister. We are adamant on that. I do not know where this information comes from. They are people who are showing off, who wish to be actors, who are playing roles. I am furious when I hear that while we are here making every effort, many sacrifices, to propose a solution, those men, in their little heads, vent their noxious minds. Those men have extreme reactions. They wish to sabotage our efforts. They are not serious. I think that the person who made that statement can now take his group, install someone in the National Palace, and make the decisions on the lifting of the embargo. [end recording]

Political Parties, Social Organizations Form Alliance

PA0802040194 Madrid EFE in Spanish 0036 GMT 6 Feb 94

[Text] Mexico City, 5 Feb (EFE)— Cuauhtemoc Cardenas, Mexican presidential candidate, will be supported during the elections to be held on 21 August by seven political parties and 20 social organizations which today formed the National Democratic Alliance (ADN) [Alianza Democratica Nacional].

During the ceremony for the creation of the ADN, held at the Monument to the Revolution, Cardenas demanded clean elections on 21 August 1994 and called for a national mobilization for democracy.

The ADN is formed by the Party of the Democratic Revolution (PRD), which is headed by Cardenas and is the only legally registered organization; the Democratic Forum Party (PFD); the Revolutionary Workers Party (PRT); the Social Democrat Party (PSD); the Socialist Party (PS); and the Socialist Alternative (AS). The ADN also includes fractions of the Labor Party (PT), the Broad Socialist Left Party (PAIS), Socialist Refoundation (RS) [Refundacion Socialista], and the National Patriotic Front (FPN), which consists of diverse organizations and personalities.

Among the social and urban movement organizations, we have the Assembly of Neighborhoods (AB) [Asamblea de Barrios], the Independent Union of Agricultural Workers and Peasants (CIOAC) [Central Independiente de Obreros Agricolas y Campesinos], the Emiliano Zapata People's Union (UPREZ) [Union Popular Emiliano Zapata], the New Tenochtitlan People's Union (UPNT) [Union Popular Nueva Tenochtitlan], and the Assembly of the Workers [Asamblea de los Trabajadores], among others.

Among the regional organizations there are regional groups from Chihuahua State, Baja California Sur State, Colima State, Queretaro State, Mexico State, citizen committees from 29 Mexican states, and numerous personalities from academic, political, artistic, and cultural life.

Cardenas, who also aspired to the presidency in 1988, was also supported by diverse political groups in that election.

Government Rejects New U.S. Border Policy

PA0802124894 Mexico City XEW Television Network in Spanish 0435 GMT 8 Feb 94

[From the "24 Hours" newscast]

[Text] The Mexican Foreign Relations Secretariat today rejected the new U.S. Government policy of stopping illegal immigration at its southern border.

The Mexican Government warns police-type measures are not appropriate to deal with a socioeconomic phenomenon such as the flow of immigration. Mexico expresses regret that these types of actions are being taken, because they deteriorate relations between the border areas and create a negative atmosphere between Mexico and the United States.

We are concerned by the fact these types of measures are being taken as trade is reaching unprecedented levels and tends to rapidly increase following the implementation of the North American Free Trade Agreement. Mexico cannot accept the argument that Mexican migrant workers are to blame for the creation of economic and social problems, which are not their fault, especially because these type of remarks are made to satisfy certain short-term electoral objectives.

The Mexican Foreign Relations secretariat will be alert to any abuse or discriminations that may emerge once these U.S. Government measures are adopted against Mexican illegal aliens, the communique states.

France Wants To Serve as Bridge With EU

PA0702180194 Mexico City NOTIMEX in Spanish 1103 GMT 7 Feb 94

[Mexico City NOTIMEX in Spanish at 1657 GMT on 7 February transmits a service message killing this item]

[Text] Paris, 27 Jan (NOTIMEX)—French Foreign Minister Alain Jupp has told NOTIMEX France wants to develop a privileged relationship with Mexico thereby becoming a bridge between this nation and the European Union [EU].

The French official also said he was "convinced that once Mexico concludes the process of joining" the Organization for Economic Cooperation and Development (OCDE), "it will become an active member."

Shortly before beginning a three-day official visit to Mexico, Jupp affirmed that France "is happy" the OCDE decided, in June, "to take into consideration Mexico's candidacy given Mexico's significant economic progress in past years."

The European minister denied the crisis in the southern Chiapas state would hinder Mexico's integration into the OCDE. Jupp said: "Mexico will know how to resolve the State of Chiapas conflict through dialogue; this is not an obstacle to it becoming an OCDE member."

Alain Jupp denied the Chiapas conflict could adversely affect investments in Mexico while he expressed assurance that France wants these to increase thereby contributing to the nation's development. "It is through development that events like those that occurred are avoided," he noted.

Jupp said his visit, "30 years after General Charles De Gaulle's historic visit," is an expression of "the continuation of France's policy toward Mexico, and our willingness to develop a privileged relationship" with that Latin American nation. "One of the main reasons for my trip is to stress France's wish to become the bridge between the EU and Mexico," he assured.

Jupp indicated that NAFTA will favor international trade and will contribute to Mexico's modernization, nevertheless, he warned against the increase of discriminatory measures against third nations.

"France is pleased with the benefits NAFTA may contribute to Mexico and with everything else that could stimulate the economy's vitality. This strengthens the possibilities between both nations as long as the agreement does not adopt discriminatory measures against third nations," he noted.

Jupp denied that the trilateral agreement, which was implemented on 1 January, is "a trade block; rather, it is a free trade zone" and "its creation should contribute to the development of international trade," he added.

"French companies are aware of all the benefits they can obtain from an agreement that will continue fostering Mexico's modernization in all sectors, including that of environmental protection," the foreign minister remarked.

"I am certain Mexico will gladly accept France's technological capabilities in favor of the ongoing liberalization, to which the trade agreement should contribute," Jupp indicated.

"Mexico's economic vitality, together with its rich cultural tradition, justify Mexico to be France's privileged associate in Latin America, and we intend to continue developing this relationship," assured the high-ranking French official.

"We seek to give a new thrust to the relationship between both nations through the development of economic ties. The reforms adopted by President Salinas de Gortari have allowed France's presence to be stepped up in Mexico," Jupp assured.

For France, Mexico is "an important political and economic associate," the head of French diplomacy indicated.

Regarding the possibility of Mexico becoming a UN Security Council member, Jupp said that "in France's opinion, the evolution of the international situation makes it necessary to enlarge the UN Security Council."

Other nations besides France and Mexico have expressed interest in enlarging the UN Security council. To analyze this possibility, a work group at the UN General Assembly was appointed, the foreign minister indicated. "We believe that the aspirations of the nations willing to assume greater responsibilities in the international field should be taken into account," the foreign minister noted. "It is necessary to guard the Security Council's efficiency and assure the developing nations a just representation in this essential body of the UN system," Jupp commented.

The foreign minister also said his government will initiated new policies of rapprochement with Latin America in an effort to support social and political development in the region's nations. "Latin America has reaffirmed political pluralism and its economic vitality has turned it into a region of constant development, leaving behind the crisis of the 80's," he assured.

Alain Jupp added that "France wants a new type of relationship in association with Latin America, adopted to the new realities." The governments that respect the state of law will be favored "in the strategies taken into consideration to strengthen the Franco-Latin American ties." Likewise, he added those nations that "combat terrorism and drug trafficking to assure their institutions' stability," will be given priority.

The French Government will promote "the establishment of French companies in Latin America" while scientific and technical cooperation will be jointly implemented so the economic projects benefit the region and France.

Jupp indicated that "France must adapt its cooperation to the different nations on the continent and maintain its aid to the less developed regions while modernizing its cooperation with others."

France represents 20 percent of the EU's cooperation in Latin America. "It is the French Government's duty to motivate its associates in this cooperation and to spell out new, concrete, and lasting actions," he indicated.

The French foreign minister encouraged the Cuban Government to democratize. He commented that the economic reforms "are interesting but will not serve to replace the political liberty the Cuban people expect."

Roundup of Economic Developments

PA0802143994

[Editorial Report] The following is a compilation of reports on Mexican economic developments monitored through 8 February.

Mexican Petroleum [Pemex] has issued a communique on its sales abroad from January to November of 1993. It noted that it sold an average of 261,000 barrels a day of light Isthmian crude, worth $1.444 million and an average of 862,500 barrels a day of heavy Maya crude worth $3.353 million. In addition, it sold an average of 214,600 barrels a day of extra light Olmeca crude at $1.248 million. (Madrid EFE in Spanish 2314 GMT 4 Feb 94)

A report by the Economic Studies Center for the Private Sector, based on a survey taken in the country's five largest cities, revealed that 42.7 percent of companies cut the size of their personnel in 1993. It added that 40.5 percent maintained their labor force and 16.8 percent increased it. (Paris AFP in Spanish 2103 GMT 7 Feb 94)

Costa Rica

Figueres 'Associates' Reveal Cabinet Candidates

PA0802202094 Paris AFP in Spanish 1556 GMT 8 Feb 94

[Text] San Jose, [no date as received] (AFP)—Two days after being elected president of Costa Rica, according to associates of President-elect Jose Maria Figueres, Figueres has nearly finished forming the cabinet with which he will rule this Central American nation during the next four years beginning on 8 May.

Although Figueres has not officially announced his cabinet, some of his associates who refused to be identified said former ministers, ambassadors, and deputies have been asked to be part of the next government of this country that has a population of 3.2 million.

According to the sources, former Minister Fernando Naranjo will occupy the top post at the Foreign Ministry; Deputy Alejandro Soto will head the Information and Communications Ministry; Carlos Espinach, who directed Figueres' election campaign, will lead the Presidency Ministry; Fernando Herrero will head the Planning Ministry; Eduardo Doryan will be in charge of the Housing Ministry; and Bernardo Arce will lead the Government and Public Security Ministry. Former Deputy Planning Minister Leonardo Garnier is being considered as a possible candidate for the Finance Ministry position, while hotel owner Carlos Roesch is being mentioned for the top post at the Tourism Ministry.

Also mentioned are Roberto Solorzano, one of Figueres' closest associates in the campaign, to lead the Culture Ministry; Mario Carvajal to head either the Economy or Foreign Trade Ministry; Francisco Nicolas to assume the top post at the Transportation Ministry; and former Comptroller General Elias Soler to take up the reins of the Labor Ministry. According to the sources, Figueres has yet to decide who will occupy the top posts in the Agriculture, Justice, Natural Resources, and Health Ministries.

Roundup of Economic Developments

PA0802150594

[Editorial Report] The following is a compilation of reports on Costa Rican economic developments monitored through 8 February.

Today, Central Bank President Jorge Corrales said the Bank's foreign currency increased by more than $90 million in January. Corrales added that the Bank's reserves, estimated at $800 million, are equivalent to the financing of almost five months of imports. (Mexico City NOTIMEX in Spanish 1835 GMT 3 Feb 94)

Central Bank President Corrales said GNP growth registered in 1992 and 1993 was the highest rate for a two-year period in the past nine years. According to the Economic Commission for Latin America, in 1993, Costa Rica registered the highest economic growth in Latin America, 6.5 percent. (San Jose LA REPUBLICA in Spanish 26 Jan 94 p 12A)

During a 21 January meeting of coffee-producers in Guatemala, Costa Rica set the minimum price for its coffee exports at $80 per quintal. (San Jose LA NACION in Spanish 25 Jan 94 p 24A)

On 28 January, the Costa Rican Government and the Central Bank signed a payment agreement for the fiscal debt of 2.122 billion colones. (San Jose LA REPUBLICA in Spanish 29 Jan 94 p 13A)

El Salvador

Presidency Minister Refutes UN Human Rights Report

PA0802130594 San Salvador Radio Farabundo Marti Network in Spanish 1800 GMT 7 Feb 94

[From the "Facing the Moment" newscast]

[Text] Monday, Presidency Minister Oscar Santamaria said he was surprised by UN Human Rights Rapporteur Pedro Nikkem's report. The Nikkem report was presented at the UN Human Rights Commission, which is currently meeting in Geneva, Switzerland, to analyze the situation in different countries.

The Nikkem report criticizes the lack of respect for human rights in El Salvador, and notes that compliance with the peace accord has decreased in recent months.

According to Oscar Santamaria, the report was prepared abroad and does not correspond to the country's reality. He also rejected claims of a decrease in compliance with the peace process. The official expressed regret Pedro Nikkem had not visited El Salvador to conclude his report, and he said the UN rapporteur's role is to support the government in human rights affairs.

In his report, Pedro Nikkem criticizes the Salvadoran Government's lack of cooperation. He said immigration obstacles had been created to prevent his visit, which was scheduled for the end of last year.

Nongovernmental Group Supports

PA0802210394 San Salvador Radio Farabundo Marti Network in Spanish 1230 GMT 8 Feb 94

[From the "Early News" newscast]

[Text] A spokeswoman for the nongovernmental Salvadoran Human Rights Commission [CDHES] has said that organization shares the views on human rights in El Salvador expressed in the report presented by UN human rights expert Pedro Nikkem. [Name indistinct], a CDHES board member said the report on human rights in El Salvador presented by an international expert this week in Geneva was objective. In the report, Nikkem notes a notable increase in the number of murders in 1993.

[Begin unidentified spokeswoman recording] The report discloses the latest information on human rights violations. We share Mr. Pedro Nikkem's views and think it is regrettable that he was unable to enter the country to confirm or verify human rights violations. In spite of that fact, we believe his report presents the facts objectively, and we totally agree with him.

The CDHES does not believe his report is any less valid because he was unable to enter our country. If you examine the report you will see that the points Nikkem discussed are based on fact. He discussed issues such as the latest illegal executions, the [word indistinct] process, and the government's failure to fulfill its land distribution agreement. He also discussed at length the structural deficiencies of the legal system and the new group created to investigate the death squads.

Regarding the human rights situation, he said the peace process has been weakened and has suffered a reversal. We agree with him because of the latest incidents in the country, particularly in mid-1993. [end recording]

The CDHES board of directors believes it is necessary to redouble efforts to end the delays mentioned by Nikkem, especially the (?crimes) perpetrated by the death squads, so the peace process will not be reversed.

Meanwhile, the spokeswoman announced the group investigating the death squads will soon hold a meeting with the CDHES to apprise it of the group's work.

Court President Terms 'Irresponsible'

PA0802200394 San Salvador Radio Cadena YSU in Spanish 1800 GMT 8 Feb 94

[From the "YSU Radio News" newscast]

[Excerpt] [Passage omitted] In another turn of events, Supreme Court President Mauricio Gutierrez Castro has termed as irresponsible the report presented to the United Nations by human rights expert (name indistinct). The human rights expert on 24 January presented a report to the United Nations in which he stated individual rights are still being violated in El Salvador. Here is what Gutierrez Castro has said:

[Begin Gutierrez Castro recording, in progress] ...report. First, I am not surprised, as many of these individuals hold their posts by issuing alarming reports. If you are appointed to watch over something and you report that everything is alright, then why do they need you? Second, I think it is irresponsible on the part of a person who has not even come here—he has not visited the courts, has no knowledge of the process, has not seen any of this—to issue reports criticizing or labeling the human rights situation here.

For example, you are giving an account of what is being said here. How can you give an account? You can give an account because you are present, you are hearing what is going on, you are perceiving it through the [words indistinct]. I do not think you could be giving a report on what is being done at the Legal Medical Institute if you were in New York; therefore it is absurd. I think it is irresponsible to issue such a report. [end recording]

Congress Extends Session To Approve Copyright Law

PA0802141094 San Salvador EL DIARIO DE HOY in Spanish 4 Feb 94 p 19

[Text] The Legislative Assembly has approved a decree stipulating the Intellectual Copyright Law will take effect 15 June. It also granted a 10-day extension to the political parties to present nominations to the Vote Receiving Councils.

Last week, the legislative plenary was asked to extend the deadline for the implementation of this law, known as the "Antipiracy Law" six months. Several sources, who do not know the parliamentary procedures for such actions, had said the extension had already been granted. It was not until Wednesday night, however, when the legislative commission presented a report favoring a four- month extension that Congress issued a decree stating the law would take effect on 15 June 1994. Originally, it was to take effect on 16 February.

Board members of the Savings and Loan Cooperative Association, Video Supply and Marketing of El Salvador, Association of Cassette Distributors and Reproducers of Eastern Salvador, and the Committee of Cassette Venders and Reproducers requested the deadline be extended.

The law to develop and protect intellectual copyrights, which was approved on 15 July, regulates all issues related to intellectual copyright and, at the same time, promotes and protects the literary, artistic, scientific, and industrial copyrights of Salvadoran nationals. This law stipulates that firms that distribute and sell music cassettes or rent video cassettes must pay royalties to the creator. With this extension, Congress is giving those firms four more months to adjust to the situation.

The deadline for political parties to present their lists of nominations to the Vote Receiving Councils ended yesterday. Since most parties had not prepared their lists, however, Congress extended the deadline 10 days.

Political organizations must present a list of council nominations to the Supreme Electoral Tribunal. Among other things, the Vote Receiving Councils count the votes after the voting period ends and record the result on the corresponding electoral certificate.

Roundup of Economic Developments

PA0802174394

[Editorial Report] The following is a compilation of reports on Salvadoran economic developments monitored through 8 February 1994.

The Central Reserve Bank today reported that 42 percent of El Salvador's overall exports go to Central America, 30 percent to the United States, 7 percent to Germany, while the remainder are distributed among several other nations. The bank also reported that Guatemala is El Salvador's main trading partner. Meanwhile, exports to Mexico doubled over the past two years from $8 million to $16 million in 1993. The bank also reported that the GDP rose 5 percent in 1993, and it is expected to increase 6 percent in 1994. (Mexico City NOTIMEX in Spanish 2047 GMT 1 Feb 94)

An economic analysis indicates that exports have doubled from 1989 to 1993, going from $600 million to more than $1.1 billion. This translates into a better standard of living and more resources for the people and the nation. Overall export growth has been driven by an increase in nontraditional exports, particularly in the assembly plant sector. Also, while coffee prices have fallen, coffee exports have increased. (San Salvador Canal Doce Television in Spanish 0300 GMT 4 Feb 94)

Roberto Orellana, president of the Central Reserve Bank, reports the Multisector Investment Bank will open its doors within the next few days with capital amounting to 300 million cordobas. The bank's goals are to contribute to economic growth and to generate jobs by financing capital investments in the private sector. Orellana reports that the bank will receive a $30 million credit from the International Development Bank to implement a program to bolster small businesses. This new banking institution will only grant loans to the private sector for investment projects. (San Salvador LA PRENSA in Spanish 4 Feb 94 p 3)

The agricultural sector has moved from a severe, decadelong recession in the 1980's to growth in the 1990's. Among those product groups that have shown signs of growth are basic grains, coffee, and sugar cane. An increase in the number of manzanas cultivated nationwide helped increase the overall harvest from 18.4 million quintals in 1989 to more than 21 quintals in 1993. In addition, credits to the agricultural sector have increased from 1.3 million colones in 1989 to 3.2 million colones in 1993. (San Salvador EL DIARIO DE HOY in Spanish 4 Feb 94 p 13)

Guatemala

De Leon Rejects Rumors of Division in Armed Forces

PA0802224394 Panama City ACAN in Spanish 1941 GMT 8 Feb 94

[Text] Guatemala City, 8 Feb (ACAN-EFE)—Guatemalan President Ramiro De Leon Carpio today rejected rumors of divisions in the Armed Forces and confirmed that the Army plays an important role in consolidating and strengthening democracy. De Leon thus countered newspaper reports of a split in the Army created by peace talks between the government and guerrillas. Rumor has it that the Army has split into three factions: the first being the military personnel who were removed following the self-inflicted coup attempt by the later deposed President Jorge Serrano in 1993, the second being the "hard-liners," and the third being those who support institutional rule.

According to SIGLO VEINTIUNO, the "hard-liners" oppose talks with the Guatemalan National Revolutionary Alliance [URNG] and support the president, but only on certain conditions. The newspaper says those military personnel are willing to join the removed officers to resume armed field actions against the guerrillas if the government gets the United Nations more involved in the peace talks. According to an agreement signed between the guerrillas and the government in Mexico on 10 January, the United Nations will moderate the peace talks, which are scheduled to resume early in March.

The president labeled the reports as false and added: "I am not worried about rumors. I am convinced that the officers are aware of the role they play in the democratic process. There could be differences of opinion, but no division." De Leon said the Army feels fully responsible for the country's institutional order.

The president spoke at the Main Square in front of the government building shortly before meeting with Monsignor Prospero Penados del Barrio, Archbishop of Guatemala. De Leon said the Archbishop's visit was of a personal nature, although they would also discuss subjects related to the country's political, economic, and social crisis.

Defense Minister General Mario Rene Enriquez has also reiterated the Army's support for peace talks but opposed the creation of a truth commission to investigate human rights violations perpetrated since armed conflict began in 1960.

De Leon said discussions on human rights with URNG will have to include all related aspects, but he declined to give any additional details.

Finally, Gen. Enriquez said the Armed Forces object to the creation of a truth commission because it would disregard the Army and would polarize rather than assuage the population.

Defense Minister: Army Supports De Leon

PA0802234994 Guatemala City PRENSA LIBRE in Spanish 7 Feb p 3

[Text] Asked about the country's institutional crisis, Defense Minister General Mario Rene Enriquez Morales on 4 February said the Army unconditionally supports President Ramiro De Leon Carpio and his administration's policies. As the institution charged with protecting national security and sovereignty, we are determined to help consolidate the democratic process and guarantee the preservation of institutional order, the minister said. In Guatemala, the government and the Army are

working to dispel the crisis that other sectors have provoked. The Army is also committed to preserving democracy. It is our duty to support every effort toward that end, he said.

The Army cannot comment on the results of the popular consultation because we are outside political activities, but our support for democracy and President De Leon is firm, the defense minister added. All sectors, not just the government, are responsible for confronting and ending the institutional crisis. Nevertheless, the government and the Army have mistakenly been blamed for everything wrong in the country, and that is unrealistic.

The government has again and again been blamed for human rights violations, but the fact that the rebels have also violated these elementary rights has been overlooked. It is very easy to make accusations, particularly as we approach the Geneva Summit, which will discuss the human rights situation. Some sectors try to aggravate the crisis and have blamed the Guatemalan Government.

Instead of marring the country's image, those sectors should strive for a solution to Guatemala's crisis. The Army is determined to support the democratic system, hence our support for President De Leon remains firm, Enriquez conclude.

Roundup of Economic Developments

PA0802150094

[Editorial Report] The following is a compilation of reports on Guatemalan economic developments monitored through 8 February.

Guatemala and Germany have signed a cooperation agreement through which Germany grants Guatemala 28 million German marks. After a one-year suspension of German financial cooperation due to the political and human rights problems during the Jorge Serrano government, the two countries negotiated the new aid, which will be used for financial and technical cooperation, especially basic education in rural areas. (Guatemala City PRENSA LIBRE in Spanish 29 Jan 94 p 64)

Foreign Minister Marithza Ruiz de Vielmann has announced that with the objective of regulating the austerity policy in public expenditures, the Council of Ministers on 1 February signed an agreement that, among other things, prohibits the transfer of funds from one appropriation to another and eliminates superfluous expenditures such as vehicles assigned to certain officials and entertainment allowances. She said transfers will only be permitted to deal with emergency situations or cases of national interest. She said from 25 million to 30 million quetzales a year are expected to be saved with the measure, and these funds will be used in the social sectors, mainly for preventive health and education. (Guatemala City PRENSA LIBRE in Spanish 2 Feb 94 p 62)

The National Statistics Institute has reported the inflation rate in Guatemala reached 2.14 percent in January due to increases in the education sector. It said school registration fees and tuitions increased more than 45 percent in public and private schools. (Mexico City NOTIMEX in Spanish 2225 GMT 4 Feb 94)

Honduras

Nicaraguan Ambassador on U.S. Human Rights Report

PA0802175894 Tegucigalpa EL HERALDO in Spanish 8 Feb 94 p 10

[Text] Yesterday, Noel Rivas, Nicaraguan ambassador to Honduras, said he did not have "concrete information" about the U.S. State Department's human rights report indicating members of the Nicaraguan counterrevolutionary movement are guilty of human rights violations in Honduras.

The Nicaraguan diplomat said his country is willing to cooperate with Honduras in investigating to what extent the statements in the U.S. report are true. He said: "There is cooperation between the governments and a common goal, therefore, this will be resolved between the two governments."

He also said the Honduran Government could make inquiries in Nicaragua to clear up the contras' participation in human rights violations but "those inquiries must be conducted by mail, with help on a judicial and diplomatic level."

Explaining the Juan Pablo Cruz Laguna [not further identified] murder case, Rivas said the Nicaraguan Government "does not expect anything more;" however, a sentence must be handed down since right now "a trial is under way." Rivas said: "This has to end with a sentence; it must be clear who is guilty."

Nicaragua

Government Condemns Bombing of Sarajevo Market

PA0802143894 Managua Radio Nicaragua Network in Spanish 1100 GMT 8 Feb 94

[From the "This Morning" newscast]

[Text] Monday, the Nicaraguan Government condemned the indiscriminate bombing of Sarajevo civilians and at the same time reiterated it categorically rejects the use of violence to settle differences in that strife-torn nation. In an official statement, the government of Violeta Barrios de Chamorro called on the warring sides in Bosnia-Herzegovina to talk so peace can return to that strife-torn region. Last Saturday, a 120-mm mortar shell killed 58 people and wounded another 142 at a Sarajevo market.

* Economy Ministry Opens Deregulation Office

94P20345B

[Editorial Report] Managua BARRICADA in Spanish of 25 January 1994 on page 4 reports that the Ministry of Economy and Development (Mede) has opened a deregulation office to reduce red tape based on input from businessmen to facilitate the distribution of goods. For example, representatives of the Cristal biscuit factory complained that the Ministry of Agriculture and Livestock required an export certificate which was not required by the country to which their products are exported, while fishing industry representatives are seeking to abolish permits required for exports to the United States, which does not require a similar document, according to the article. Mede Vice Minister Enrique Brenes explains that, in addition to eliminating trade barriers, the office is sponsoring training seminars for entrepreneurs.

* Swedish Program To Aid Small Businesses

94P20345A

[Editorial Report] Managua LA PRENSA in Spanish of 25 January 1994 on page 6 reports that the Swedish Association for International Development (ASDI) will invest $5.8 million starting in February to finance housing, community, and small-business programs in Leon, Chinandega, Ocotal, Somoto, and Esteli. The Local Development Program (Prodel) offices in those cities will be implemented by the ASDI programs. Small business owners will have to repay loans made for home and business improvements, according to the article. Prodel is also planning sewer and water projects as well as school and street improvements.

Panama

GATT Negotiator: Service Sector Gets Too Much Protection

PA0902044694 Panama City EL PANAMA AMERICA in Spanish 7 Feb 94 p 17A

[Report by Viodelda Barrias]

[Text] Carlos Ernesto Gonzalez Ramirez, general coordinator of the government's Technical Negotiating Unit, which is responsible for Panama's incorporation into GATT, has said that with the exception of Nicaragua, Panama has the highest tariffs in Latin America with an average of 40 percent.

The Panamanian negotiator presented an analysis to the members of the Chamber of Commerce and Industries of Panama on the "Negotiation of Panama's Incorporation into GATT" which concludes that the Panamanian service sector receives too much protection.

The expert emphasized that the service sector receives too much protection [sentence as published]. He explained that according to the analysis, the service sector is protected in two ways: the prohibition of retail sales and the protection of various professions, which means that a large portion of trade and services are protected from foreign competition.

Gonzalez Ramirez added that state monopolies of services such as electricity, ports, water, and communications are also protected.

The official said that Panama's incorporation into GATT will provide great benefits, but entry requires that the country grant some concessions such as the gradual elimination of export tariffs [aranceles a la exportacion].

Gonzalez Ramirez explained the main benefits of GATT membership: For the first time Panama will have a foreign trade strategy; exports will be based on the security of law; and market opening negotiations for our products will be held, especially for services. He also indicated that the fiscal exemptions granted on the basis of laws that promote industry and agriculture represent unearned income for the treasury estimated at 150 million balboas.

Since 1947 Panama has participated as an observer in the GATT negotiation rounds, but according to Gonzalez Ramirez, there was no real interest in joining the organization because "we are not an exporting country." Panama currently meets all requirements set forth by that organization for membership.

Regarding the Uruguay Round negotiations, Gonzalez Ramirez stated that tariffs on industrial goods in industrialized countries will fall by more than one-third, and more than 40 percent of imports will have free rates [tasas libres]. Meanwhile, trade distortions due to subsidies and import barriers must be reduced in six years. Domestic subsidies for agriculture will be reduced by 20 percent. Subsidized exports will be cut by 36 percent in value and volume. All import barriers will be converted into tariffs and must be reduced by some 36 percent.

In the meantime, the United States has asked Panama to join the Multilateral Trade Agreement and pass the bill on intellectual property rights, which are key requirements for a free trade agreement between the countries.

Roundup of Economic Developments

PA0802160694

[Editorial Report] The following is a compilation of reports on Panamanian economic developments monitored through 8 February.

Ricardo Duran, Panama Chamber of Commerce president, has rejected a survey published by THE ECONOMIST last week which included Panama among countries in which foreign investors are afraid to invest. Duran said he does not know what the publication is based on because Panama's annual economic growth rate of approximately 9 percent shows investors have

confidence in the country. (Panama City EL PANAMA AMERICA in Spanish 4 Feb 94 p 9A)

Commerce and Industries Minister Ricardo Fabrega has reported that the Foreign Ministry sent a note to Mexico and Venezuela calling for a meeting to be held as soon as possible to discuss a proposal for paying the petroleum debt to those countries. He said interest on the petroleum debt has raised the debt to approximately $220 million. (Panama City EL PANAMA AMERICA in Spanish 4 Feb 94 p 2A)

The Cabinet Council has authorized the signing of agreements with various foreign banks and financial organizations to eliminate the risk of some public enterprises or autonomous institutions becoming delinquent in the payment of their obligations or credit lines, which could lead to legal proceedings against the country and the elimination of credit lines. A cabinet decree indicated that the measure is part of the policy to normalize the state's credit situation with its international creditors. (Panama City LA PRENSA in Spanish 6 Feb 94 p 4A)

Argentina

Argentina: Lifting of U.S. Embargo on Vietnam Viewed

PY0902114594 Buenos Aires CLARIN in Spanish 8 Feb 94 p 12

[Editorial: Detente Reaches Vietnam]

[Text] As U.S. Treasury Secretary Lloyd Bentsen recently put it, economic policy is an increasingly important component of the U.S. foreign policy. This is so because President Clinton is determined that his country should resume the role of the driving force of the world economy. To achieve this, Clinton must defend U.S. companies and create new jobs in industry and agriculture. Much of the president's effort has been geared to the approval of NAFTA; to the holding of the Asia-Pacific Conference in Seattle; to the successful conclusion of the Uruguay Round of the GATT—which will enable the United States to sell its agricultural surpluses for several years while restructuring the sector and being instrumental in improving competitiveness all over the world; to pressuring Japan, the PRC, the ROK, and other countries to improve the U.S. balance of trade position; and so on and so forth. The lifting on the embargo on trade with Vietnam is another chapter in this long string of events.

The initiative is neither surprising nor does it stem from Clinton's past convictions about the Vietnam War, even though public opinion believes his action is undoubtedly tinged by memories and emotions of that cruel war—without mentioning the "missing" U.S. soldiers whose whereabouts have never been disclosed by the Hanoi authorities. They have not repatriated the mortal remains of all the fallen to their homeland either.

And yet, bilateral relations have eased off considerably. Back in April 1991, General John Vessey, an envoy of the then President George Bush, met with the Vietnamese foreign minister to notify him of the opening of an official U.S. office to investigate the fate of the U.S. soldiers reported as missing. They also discussed the possible resumption of diplomatic relations on condition Vietnam withdrew its troops from Cambodia, and that the South Vietnamese officers being held in "rehabilitation camps" be released and authorized to travel to the United States. It goes without saying that the United States also made it a condition that Vietnam should actively cooperate in the search of the missing. In exchange for that, rapprochement would continue (telecommunications, tourism) and restrictions imposed on Vietnamese diplomats before the United Nation in New York would be lifted.

Following the withdrawal of Vietnamese troops from Cambodia in mid December 1992 and Vietnamese cooperation over the missing, Washington authorized U.S. companies to "prepare themselves" in Vietnam because the raising of the embargo was considered imminent. Washington also gave the "green light" for international credits for Vietnam for the reconstruction of the country.

Following a line of diplomatic continuity at the beginning of July 1993, President Clinton announced that the United States would no longer oppose the granting of loans for Hanoi by international organizations (the IMF and the World Bank). By that time, the economic reform in Vietnam had attracted significant foreign investments, mainly from Taiwan, Hong Kong, Japan, and Europe.

Finally, Washington sent three consular affairs experts to Hanoi in July 1993 to look after fellow citizens who travelled to Vietnam in ever-increasing numbers. By this time the Vietnamese had "found" the blue book where the names of all the U.S. prisoners of war were recorded and submitted the list to Gen. Vessey. This report agreed more with the documents obtained from Soviet archives than with the original list drafted by Hanoi.

Parallel to the progress on the missing was the consideration that, from a very modest start, Vietnam's economy was growing in leaps and bounds. It grew by 7.5 percent in 1992, and in 1993 things looked even better (industrial production increased by 12.3 percent in nine months in 1993). Exports were expanding at an average 20 percent a year. Foreign investments for the period 1988 to August 1993 totalled $6.300 billion. This contrasts sharply with the constraints on U.S. companies that could only participate in business transactions with Vietnam through contracts with international organizations.

Thus U.S. businessmen as well as the Senate enthusiastically hailed the lifting of the trade embargo. U.S. companies, ready and eager like racehorses at the starting gate, began activities without wasting a minute, as has been eloquently recorded by newspapers over the last few days. The logic of business prevailed over [former President Richard] Nixon-like ideologies which were furthered by those who want to continue struggling against the last pockets of "the empire of the evil" until it is totally routed, or at least until it is smothered. The reestablishment of full diplomatic relations will have to wait until the issue of the missing is totally cleared up.

The United States created 62,000 new jobs in January, 26,000 of which are in the industrial sector. It thus keeps reducing its unemployment rate, which runs at approximately 6.4 percent. This is much lower than the average in the European Union (10.9 percent), but higher than that of Germany, which is currently 6 percent. This is the reason why Clinton continues his trade offensive—to expand exports and reduce imports—as the basis for the country's productive renewal. He is aware that in our modern world, nobody can indulge in the luxury of giving up one's domestic market or a highly remunerative job lest one should plunge into the maelstrom of decadence.

Bolivia

Paraguayan Foreign Minister Visits, Signs Document

PY0802131394 La Paz Television Nacional Network in Spanish 0100 GMT 8 Feb 94

[Excerpts] Bolivia and Paraguay have signed a letter of intent that can open prospects for selling gas to that country. This important document was signed during the visit Paraguayan Foreign Minister Luis Ramirez Boettner is paying to Bolivia. [passage omitted]

The Bolivian foreign minister and his Paraguayan counterpart today signed a major document of understanding that determinedly supports the construction of a gas pipeline between Puerta Grande, Bolivia, and Asuncion, Paraguay, for supplying Bolivian natural and liquefied petroleum gas to that nation.

[Begin Ramirez Boettner recording] I believe the work we did yesterday afternoon and today to prepare for the visit Bolivian President Gonzalo Sanchez de Lozada will pay to Paraguay on 14 and 15 March has been very fruitful.

Among the issues we addressed—because we addressed several issues—one of the more important is the one dealing with the energy problem, that is, the possible sale of Bolivian gas to Paraguay. [end recording].

In addition to the Bolivian president's visit to Paraguay, other major issues were considered like economic supplementation; a tripartite agreement on the Pilcomayo River by Argentina, Paraguay, and Bolivia; the Paraguay-Parana waterway; and the Trans-Chaco Highway.

Concerning the sale of gas to Paraguay, the price and volume will be decided at a meeting of specialists from Bolivian Government Oil Deposits and a Paraguayan private enterprise.

The construction of the gas pipeline will be totally financed with private capital. [passage omitted]

Brazil

Franco Ordered To Rest Because of Flu Symptoms

PY0802131094 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 8 Feb 94

[Text] President Itamar Franco today will resume his normal activities at Planalto Palace. Yesterday afternoon the president felt slightly ill and he was urged to spend the rest of the afternoon resting at Alvorada Palace. The president has flu symptoms.

Physician Says Food Poisoning

PY0802235694 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 8 Feb 94

[Text] President Itamar Franco spent the day at Alvorada Palace recovering from food poisoning caused by a chicken pie served during Sunday's dinner. The president has felt ill since yesterday. He has had a 38.5-degree-Celsius temperature and nausea. According to Carlos Alberto Farias, presidency of the Republic physician, the symptoms have already disappeared. The president has taken some medicines and is on a diet.

Dr. Farias said that President Franco will resume his activities tomorrow. He said:

[Begin recording] The president and his entourage had food poisoning resulting from food they ate during a dinner on Sunday night. The other guests had the same symptoms. He is currently recovering and will resume his normal activities tomorrow if he is feeling better. [end recording]

Dr. Farias said Franco had no sign of stress, as some newspapers have reported.

PT's Government Plan Revealed

PY0802154594 Sao Paulo FOLHA DE SAO PAULO in Portuguese 3 Feb 94 Section 1 p 10

[Article by Brasilia Bureau executive director Josias de Souza, bureau director Gilberto Dimenstein, reporter Emanuel Neri, and bureau staff; all quotation marks as published]

[Text] The Workers Party [PT] preliminary proposal for a government program claims to be "socialist." This document obtained by FOLHA DE SAO PAULO advocates an audit of all Brazilian foreign debt contracts, leaves open the possibility of declaring a moratorium, and states that under Luiz Inacio Lula da Silva's "popular and democratic" administration the privatization program will be discontinued. Furthermore, some sales of state-owned companies will be revised.

This document was sent to PT executive board members. It is being used as the basis for discussing the party's government program. The proposal's contents displeased the less radical wing of the party, which will try to make changes. PT government program coordinator Marco Aurelio Garcia stated that the PT Executive Commission will meet next week to discuss the program's economic aspects. Garcia said the final draft has not been prepared yet.

The text the PT is using as the basis for its internal debate has clearly radical overtones, not in keeping with the image Lula is trying to sell: a moderate candidate open to compromise. Should Lula win the presidential race, the document forecasts a term in office fraught with conflicts.

It states: "The process of social, political, economic, and cultural changes that socialism implies will be carried out through a permanent battle between our plan and the currently prevailing capitalism."

The program's most controversial part is the economic chapter. Beside hardening Brazil's position with foreign creditors, it suggests greater control of foreign capital, which currently "is totally concentrated on short-term speculative applications."

As for the privatization program, the document asserts that during Lula's mandate only the public companies that can definitely no longer be expanded or modernized will be sold, and even when sold they will be put on sale for cash. The so-called rotten currency [securities for which the government does not pay what it promised] will no longer be accepted.

The document does not deal with an essential subject: curbing inflation. It argues that the strategy to reduce inflation may only be definitely prepared after the government structure and situation is learned once Lula takes power.

Regarding the foreign debt renegotiation, the document states that the PT government will not yield to IMF pressures.

The PT defends the restriction of exports, thus putting an end to the era of mega-surpluses in the trade balance. As an alternative it advocates the growth of the internal market with the creation of what the document calls a "market of masses." The document vehemently attacks neoliberal economics and defends economic growth with a better distribution of income. The document does not specify how the PT plans to accomplish these goals.

Another controversial proposal included in the preliminary PT program is the creation of a council, made up of representatives from society, to control Central Bank actions, especially the management of the exchange and monetary policies.

Document Criticizes Neoliberal Policy

The preliminary version of the PT program includes a commentary that could further complicate the policy of alliances defended by the party's moderate wing: "[Former President] Collor was defeated, overthrown by a popular mobilization. However, the neoliberal plan continue to be implemented to a great extent by the current administration."

The objective is to stress an anti-Collor characteristic in the program. However, the criticism also hit President Itamar Franco and Finance Minister Fernando Henrique Cardoso (PSDB [Brazilian Social Democracy Party]), an ally desired by Lula.

With a view toward increasing the purchasing power of workers, the program establishes the "gradual and steady" increase of the minimum salary as a priority, "with the objective of doubling its current value." The text says this will happen within "the shortest possible time."

The document states: "This increase must be progressive and should be clearly announced so that economic agents are able to properly implement the transition to the new salary structure."

In order to guarantee the real value of salaries, the document proposes for implementation of a Collective Bargaining Contract "at a national, sectorial, and entrepreneurial level. According to the program, the objective is not merely to increase salaries, but to "democratically negotiate" new labor relations, preserving workers' interest in the making of economic policy decisions. The program also proposes the unification of databases. Another priority will be to expand "control measures" on manpower rotation and the "abuse" of overtime.

If he is elected president, Luiz Inacio Lula da Silva will create the Defense Ministry, implement voluntary military service (which is now compulsory), and make significant investments in the Armed Forces. Lula's program for the military states: "The current status of military equipment, which has become junk, and the situation of soldiers, noncommissioned officers, and officers cannot be allowed to remain unchanged."

The PT does not make a quantitative estimate of military investment. Colonel Geraldo Cavagnari, whom Lula entrusted with the design of the Armed Forces program, proposed that the military budget grow from the current 0.5 percent to 2 percent of the GDP over the five-year government term—which amounts to an investment of almost $8 billion annually.

Cavagnari's proposal awakened controversy inside and outside the party. In the program that will be proposed for final approval, the PT does not specify how much it will spend on the military. But the party promises to make major investments. Through the end of the decade the PT will channel funds for restructuring the Armed Forces, for equipment, and for personnel "upgrading."

Calha Norte

The PT attaches special emphasis to military programs. It promises to continue the AMX subsonic fighter project and the space and Antarctic programs. The nuclear program also will be given special importance, but it will be tied to no research for nuclear weapons. The Calha Norte project will be revised to make it compatible with the policy of respect for indigenous people.

Missiles

Lula's military program has many details. In the case of restocking the Armed Forces, it includes "tactical and strategic (medium-range) missiles, armored vehicles, artillery, electronic warfare equipment, and the nuclear

submarine" as mechanisms for defending national sovereignty. It also proposes the creation of a rapid response force with the participation of the Army, Air Force, and Navy.

The PT proposal states that the judicial branch is inefficient, and advocates external control of this branch. One of the causes, according to the PT, is "the fact that a vast majority of judges disregard the law's social function."

The document states: "Infrastructure deficiencies and the insufficient rendering of auxiliary services have aggravated the situation, hindering the democratic administration of justice in Brazil."

According to the document, control over the judicial branch should not interfere with this branch of government's activities. Emphasis will be placed on the implementation of managerial and budgetary policies and "the disciplining action of its members."

The party advocates investment in the training of judges, the creation and implementation of judicial bodies, the filling of advisory and supervisory positions through public processes that respect salary equity, and the decentralization of justice through the creation of new lower courts and courts dealing with minor cases.

The PT program brings back to the political stage expressions of the ideological confrontations of the 1950's and 1960's. In defining itself as "socialist," the document states, for example: "The 13-year old economic crisis cannot be resolved through a bourgeois development project." This expression is reminiscent of the debates fueled by the old Brazilian Communist Party and other leftist groups.

In a paragraph that remembers the good old times of the class struggle, the document foresees the rise of a "hegemony" system led by workers and their allies as a result of the "bourgeois elites'" decline. The terminology reveals the theoretical influence of Italian Communist leader Antonio Gramsci, who was quite fashionable in the 1970's. His ideas served as the foundation for the European Communist Movement.

The preliminary PT proposal advocates the return of the so-called "Third-World" policy to Brazilian diplomacy, which was started by the military governments. The document advocates "special emphasis" on relations with China, India, Russia, and South Africa. Another priority in the document states: "Latin America will be the privileged area of Brazilian foreign policy."

The document criticizes the U.S. "interventionist position" and foresees a new polarization: It will no longer be an East-West (cold war) but the North-South (rich and poor) conflict. The document adds that the PT government will advocate, at all international forums, the end of the economic embargo on Cuba.

The document states that rich countries today exercise their predomination, adding that this influence is reflected within the United Nations, "especially within the Security Council and in organizations like the IMF and the World Bank."

Within this context, the PT government will not limit itself to engaging in new discussions on the Brazilian foreign debt, but might try to help "peripheral countries" renegotiate their debts. A world conference will be proposed—like 1992's world environment conference—for redesigning development at the world level and searching for ways to reduce unemployment.

The central point of the preliminary PT proposal for land reform is the redistribution of land for 1 million families in five years. The document states: "Expropriation on the basis of social interest for land reform purposes will be the main instrument for land distribution."

Each family will have a 30-hectare unit, which will consequently add up to 30 million hectares. This is approximately 3.5 times as big as Portuguese territory. This goal will be attained on the basis of the essential premise of "authority and political will."

The document makes no reference to settlement costs. According to Planning Ministry figures, taking into account the need for financing production, each settled family might cost the government $10,000. The total cost, therefore, will be $10 billion over a five- year period.

The PT has chosen latifundia as one of its targets: "We propose the end of fiscal leniency with latifundia through the adoption of taxes based on the real value of unexploited land, using rapidly increasing, real-term, taxable percentages for abandoned land and decreasing taxable percentages for cultivated land."

The PT plans interventions in the state and private communications system. The program states that the government will adopt "measures that can guarantee the democratization of information at all levels." The program advocates the "classification of crimes linked to manipulation and disregard for the right to have access to information and communications." From a practical point of view, the program promises to implement interdiction in private groups that simultaneously control television channels, radio stations, newspapers, and magazines, and promises to put an end to tax exemptions for communications enterprises.

Main Points of the PT Program

Economy

- End of the Denationalization Program and revision of some of the privatizations that already have been made.
- The privatization of state-run companies will be authorized in return for cash, only if "companies have no possibilities of expansion."
- All foreign debt contracts will be renegotiated,

rejecting "impositions" by the IMF and World Bank.
- The PT government reserves for itself "the right to adopt unilateral measures, including suspension of payment," that is, a moratorium.
- Foreign debt contracts will be subject to auditing.
- Definition of the "instruments of an anti-inflationary policy" will be postponed until the current situation and the inherited problems are clarified.
- The policy of commercial mega-surpluses will be terminated, and the internal market will receive incentives through the formation of a "market of masses."
- Development will be reactivated on the basis of a pact, with improved distribution of income.
- A monetary council will be created, with representatives of society, to supervise Central Bank actions.
- The financial system will be reformed to "dismantle the mechanism" of speculation.
- The domestic debt will be converted into bonds, eliminating the pact for automatic repurchasing of public bonds.
- Improvement of financial health and capitalization of federal and state banks.
- Channeling of foreign capital toward "productive investment."
- Credits for the rural sector will be tied to the variation of farm product prices.
- State monopolies in the areas of telecommunications, energy, and petroleum will be maintained.
- The number of taxes will be reduced and a progressive income tax will be enforced (the rich will pay more than the poor).
- Taxes on unproductive land, either urban or rural, will be increased.
- Fiscal incentives and subsidies will be restricted.
- Proposals for privatization of the social security system will be rejected, "especially if they follow the Chilean model.
- The Housing Financial System will be reformulated in order to increase the offer of credits.

Land Reform

- Settlement of 1 million families over a five-year period.
- Each family will be given a 30-hectare unit.
- Land owned by sugar mills will be negotiated for in exchange for the debts they owe the state.
- Land owned by state enterprises will be distributed.
- All land donations, transfers, and concessions made between 1962 and 1987 will be revised.
- Partnership and land rental contracts will be valid for a minimum period of 10 years.
- More taxes will be levied on land considered unproductive while cultivated land will pay fewer taxes.

Communications

- Interdiction of private groups that simultaneously control television channels, radio stations, newspapers, and magazines.
- Laws will be approved to prevent the formation of national oligopolies of radio and television stations and the print media.
- Editors' committees will be compulsorily created in all communications enterprises.
- Forty percent of artistic and cultural programs and newscasts should be produced locally or regionally.
- Thirty percent of radio and television programs will be produced by independent companies.
- Tax exemptions for communications enterprises will be eliminated.
- All municipal governments will be entitled to operate a radio station and a television channel.
- Medium- and low-frequency radio stations will be created for operation by social organizations.
- An ombudsman or public defender will be designated for all communications areas.

Military Area

- Through the end of the decade, military spending should be oriented toward restructuring the Armed Forces, updating their equipment, and upgrading their personnel.
- Creation of a defense ministry.
- Professionalization of military personnel and implementation of voluntary military service.
- Revision and continuation of military projects like the AMX, Antarctica, nuclear, and Calha Norte projects.
- Creation of a rapid response force with land, naval, and air support.

Labor Area

- Gradual, steady increase of the minimum salary.
- Adoption of a salary policy that can preserve the real value of salaries.
- Unification of the databases of all labor categories.
- Encouragement of the adoption of a collective bargaining contract.
- Adoption of measures to prevent the rotation of manpower and the abuse of overtime.
- Incentives for manpower training and upgrading.
- Unemployment insurance allowances will be increased.

Congress Approves Social Emergency Fund Bill

PY0802231794 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 8 Feb 94

[Text] By 388 votes, Congress this evening approved the general text of the emergency social fund bill. Alexandre Garcia now reports live from the Congress plenary session.

[Begin Garcia recording] Despite a protest by the minority, the majority of lawmakers approved a request for an overall vote on all the individual topics on which separate voting had been requested. This means that a majority vote will defeat the requests for separate voting

on individual topics, in order to let the original text of the bill—which has already been approved—remain unchanged.

Today's congressional agenda also includes a vote on the reduction of the presidential term from five to four years. [end recording]

We remind you that a second voting is due on the emergency social fund before it is published by the official gazette.

Ministers To Try Preventing U.S. Trade Retaliation

PY0802135194 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Feb 94 p B1

[Article by correspondent Paulo Sotero]

[Text] Washington—The ministers of foreign affairs, Celso Amorim; finance, Fernando Henrique Cardoso; industry, commerce, and tourism, Elcio Alvares; and science and technology, Israel Vargas, will meet in the next 72 hours to discuss alternatives to avoid U.S. trade retaliation by the end of the month in the dispute between the two countries over the Brazilian system of protection of intellectual property rights.

The meeting has become important after the failure of the fifth round of negotiations between the two countries, which ended at dawn on 5 February in Washington. It will be the last chance to prevent a new clash with the United States on a subject that has been affecting relations between the two countries for a decade and that made the Americans impose trade sanctions against Brazil in 1988. Like the first time, the latest action was spurred by the U.S. pharmaceutical industry, which claims it is losing millions of dollars from the illegal copying of their formulas by Brazilian laboratories.

Brazilian Ambassador to Washington Paulo Tarso Flecha de Lima, who returned to Brazil last week to attend the marriage of his son Joao Pedro, will arrive in Brasilia today to hold separate meetings with the ministers involved in the subject and he also will attend the meeting they will all hold together, scheduled in principle for 9 February. Foreign Minister Celso Amorim will personally tell Washington the final Brazilian answer after Carnival.

The road to a negotiated solution is narrow but not closed, according to U.S. sources familiar with the negotiations. There are nearly two dozen points on which the two parties maintain different positions. Four of them are considered critical for Washington. Of these, "two must be resolved if the Brazilian Government wants to avoid retaliation," a source said.

Two of the points refer to the clauses about "local exploitation" of patents and "parallel importation" of patented products described in Articles 27 and 28, respectively, of the text on protection of intellectual property (Tripps) [preceding word in English; expansion unknown] approved by the Uruguay Round of GATT talks, which Brazil signed last December in Geneva.

The Americans allege that the draft bill of the new Industrial Property Code, which already has been approved by the Chamber of Deputies and has been standing idle for months in the Senate, contradicts Tripps [preceding word in English] on those two points. The Brazilian draft bill requires that the patent be exploited in Brazil in order to be valid in the country. Beside that, it authorizes the importation of products patented by third parties and that manufacture them under license of the patent's owner.

Washington estimated that once the Uruguay Round concluded, the Brazilian executive branch would immediately act to adapt Brazilian law to the international treaty it signed in the Uruguay Round. "Brazil never failed to observe through its laws the obligations it assumed in international treaties," states an American source.

But Itamaraty, which commands the negotiations, argued that Articles 27 and 28 of Tripps [preceding word in English] "are ambiguous" and has decided there is no incompatibility between the articles and the draft bill in Congress. There clearly is concern over the industrial policy in President Franco's position, which is shared by the Ministries of Science and Technology and Industry and Commerce but not by the Finance Ministry. "The demand to locally exploit patents is important to create jobs in the country," a diplomat who participates in the negotiations told O ESTADO.

"Brazil is totally isolated in its interpretation of Tripps," American sources say. "If the Brazilian Government does not comply with what it signed in the GATT, there will be sanctions."

* Lula's Economic Planner Outlines Program

94SM0191A Sao Paulo FOLHA DE SAO PAULO in Portuguese 3 Jan 94 p 1-6

["Excerpts" from interview with Cesar de Queiroz Benjamin, chief author of Workers Party's economic program, by Carlos Eduardo Alves; place and date not given: "PT Wants To Quadruple Military Spending"—first two paragraphs are FOLHA DE SAO PAULO introduction]

[Text] The government program that Luiz Inacio Lula da Silva of the PT [Workers Party] will advocate in the 1994 presidential campaign has some surprises. For example, the party wants to quadruple military spending: from 0.5 percent to 2.0 percent of GDP [gross domestic product]. One of the objectives is to "guarantee greater strategic autonomy in the country's international policy," says editor Cesar de Queiroz Benjamin, one of the coordinators of the team drafting the PT's platform. The PT is thinking of reviving or revitalizing programs such as

those concerned with the development of nuclear technology, the AMX aircraft, the Antarctic, the All-Brazilian Space Mission, the Calha Norte Project, and the electronic warfare center.

Benjamin, who is the chief author of the program's economic section, says that a moratorium on the foreign debt—until now one of the PT's dogmas—cannot be made into a "fetish." Although he did not complete his education in economics, he considers himself to be "self-taught." "Cesinha," as he is called by his friends, has been a leftist militant for 14 years. He was a political prisoner between the ages of 17 and 23 years and was exiled. Here in Brazil he has worked chiefly as an editor of scientific publications. He currently divides his time between the PT and the Nova Fronteira Publishing House in Rio de Janeiro. On the team responsible for Lula's government program, Benjamin represents the PT's orthodox wing. Here are the main passages from Benjamin's interview with FOLHA DE SAO PAULO.

[Alves] What can the country expect from Lula's program and a possible PT administration?

[Benjamin] Brazil is not experiencing just any crisis. A long period in national life that began in the 1930's and lasted until the 1980's has exhausted itself. It was dominated by three structural characteristics: accelerated industrialization to replace imports, urbanization, and the establishment of a nationally integrated economic system. Those characteristics dominated national life for 50 years, and they have lost their ability to instill dynamism into society. The crisis is situated outside that long period and at the junction between two major periods. What people can expect from a Lula administration is that it will initiate another long period in Brazil and disclose the structural characteristics that will dominate a lengthy new development process. It is only with those characteristics that we will be able to stabilize the national economy.

[Alves] What would be the fundamental changes in the economy?

[Benjamin] The first is the fact that with the process of industrialization to replace imports having been exhausted, we must discover a new principle of economic dynamics that will keep a long-term frontier of accumulation open in the Brazilian economy. And that new principle is the establishment of a domestic mass market. That characteristic will have to reach the point of dominating Brazilian economic dynamics, not as a short-term characteristic linked only to distribution policies but as a reorganization of the productive sector for the purpose of exploiting Brazil's domestic potential.

[Alves] Who would gain and who would lose from such a development?

[Benjamin] I feel that 95 percent of Brazilian society would gain. The workers would be the first to gain, but so would business sectors that are capable of adapting to that new model, which makes a rather wide scope for private accumulation possible. The losers would be the sectors that have grown accustomed to living as parasites on the national crisis over the past decade—meaning, in this case, financial capital as currently organized, the large landowners, and the oligopolies in general.

[Alves] As regards the banking system, what are the premises on which you are working?

[Benjamin] We will not have problems in our relations with the bankers if they show the government and society that they are capable of operating their businesses in a context of low inflation and of performing the basic function of any financial system, which is to supply credit for production. But if they insist on continuing to act as a national debt cartel and treating their agents as money stores, the relationship is going to be difficult. The current system is dysfunctional from the standpoint of the Brazilian economy, and it will have to be penalized by an adjustment which, incidentally, will also have to affect the state banks.

[Alves] Will that adjustment be drastic?

[Benjamin] I don't think so, because we are going to make a viable, simple, realistic, and legal proposal beforehand for extending the profile of the domestic debt—a proposal will involve losses but no foolishness. We are going to offer adjustment options. Incidentally, we suggest that the banks begin making their adjustments now, regardless of the election results. The orgy is going to have to stop or the nation will explode.

[Alves] What approach will the government program take in relation to the agrarian question?

[Benjamin] I have just received a preliminary document on agrarian reform. The basic idea is to establish a new "contract" between agriculture and society, its priority objective being food security for our people. Just as all the developed countries, even those with less agricultural potential than ours, have done. Our objective in one term of office would be to achieve self-sufficiency in producing the 12 items making up the basic food basket. As far as the distribution of land is concerned, the preliminary goal is to settle 1 million families during the first five years of a reform process that is expected to last 15 years. This would require the expropriation of about 30 million hectares, and considering the size of Brazil's territory, that is not much. It is an agrarian reform not limited to the agrarian issue. It is rounded out by agricultural and agroindustrial policies to ensure supplies and food security.

[Alves] Do you intend to pay for expropriating that land?

[Benjamin] Yes, in accordance with the legislation in effect. In fact, implementing the Land Statute would be a big step. The money for payment will come primarily from budget funds. As the country frees itself of the need to roll over the domestic debt—which eats up 60 percent of the budget—it will begin to have the money it needs. With the resumption of growth, the tax base will tend to

rise as a matter of course. With inflation under control, the basis for funds at the state's disposal will grow larger. This is not a particularly expensive program. But we have not yet put a figure on the cost.

[Alves] How will foreign capital be treated?

[Benjamin] What we have had in Brazil over the past 15 years is a lot of rhetoric in favor of international integration and, in practice, a lot of international isolation. To achieve that integration, our country's elites are destroying Brazil: destroying the domestic market and the national state. We are in favor of foreign capital, especially the kind linked to investments. But what we are getting is the entrance of hot money into Brazil—money that is not coming here in the form of investments, because our people are being pauperized, our state destroyed, and our inflation rate rising.

[Alves] Do you intend to revise the privatization process?

[Benjamin] Certainly. It is a criminal process unrelated to any idea of industrial policy. It is fraudulent. It has led to the formation of big private monopolies in key areas such as steel and fertilizers. Compared to the privatization process decided on by the Collor administration, P.C. Farias is a chicken thief. As regards the companies that have been privatized, we are going to take a look at appropriate legal measures. We will not tolerate the formation of private monopolies in basic sectors.

[Alves] The PT has historically advocated an audit of the foreign debt and the suspension of payments on that debt. Will this continue?

[Benjamin] It is still being discussed. My personal opinion is that we were correct in the early 1980's when we said that attempts to pay the foreign debt by accepting the absurd conditions imposed by our creditors would disrupt the Brazilian economy. But we would be wrong now to turn the moratorium slogan into a fetish. We would not recover what we have already lost, and we would not be able to exploit a scenario that is more favorable to us at the moment than it was in the 1980's. International interest rates are low and will probably remain that way for the next few years because of the serious unemployment problem in the central countries. A moratorium must be considered a means, not an end. It is important to see to it that the economy is not condemned to operate like a machine for producing a megasurplus in our trade with the rest of the world, as it is now. In the second place, our country must not be a net exporter of capital, which it was in the 1980's. Third, the problem must be looked at from the standpoint of an overall solution that will not prevent us from taking advantage of new opportunities in our relations with other countries. Those are the ends, and whether to declare a moratorium or not belongs to the discussion of means. And it is no longer such a dramatic issue.

[Alves] How do you analyze Minister Fernando Henrique Cardoso's economic plan?

[Benjamin] The plan throws all the burden of budget adjustment on expenditures and investments, which are already very low, and leaves intact the financial component of the imbalance in the public sector. Moreover, it does not provide clear rules for converting the business world to the URV [expansion not given], something that will probably increase the conflict over distribution. The acceleration of inflation is already clear, and it will continue at least for the next few months. This means that a new cycle of concentration is under way. We do not believe that path is valid. The crisis will not be solved by plans, but by a new and comprehensive national project that will point the operators in the public and private sectors to new frontiers for the long-term accumulation of capital.

[Alves] How does the PT approach the issue of the Armed Forces?

[Benjamin] We are going to have high-level dialogue with the Armed Forces with no petty deals. Especially since recovering the ability to control and defend the territory and acquiring a greater degree of strategic autonomy in the geopolitical space of immediate interest to us—South America and the South Atlantic—must be fundamental goals of any serious government. We have three immediate measures in mind: increased professionalization of the military, reequipment of the armed services, and a continuation of the main programs aimed at technological expertise. With some slight changes in direction, that would include support for the program to develop nuclear technology, the All-Brazilian Space Mission, the AMX program, the Antarctic program, the Calha Norte Project, and the electronic warfare center.

[Alves] That requires investments. Is it a priority issue?

[Benjamin] In the medium term—to be implemented throughout the administration's term of office and consolidated at its end—we anticipate the setting up of a Ministry of Defense and the establishment of a rapid action force to consist of land, air, and sea forces in accordance with the principles of modern warfare. It would amount to an operational restructuring of the Armed Forces. This is a serious issue. Our country lacks defense capability. And that is part of the more general process in which the state and nation are being destroyed. The objective is to guarantee the defense of its territory and greater strategic autonomy in its international policy. Military spending currently represents 0.5 percent of GDP, and that is not enough. In the course of our administration, we want to increase that to 2 percent, including research and technological development.

Bio Information

Cesar de Queiroz Benjamin is 39 years of age, married for the second time, and the father of three children: Carol, 10; Teo, 5; and Sofia, 3. An editor, he did not complete his higher education and has never been elected to office. As

an active member of MR-8 [8 October Revolutionary Movement], he was a political prisoner and an exile, and he was among the founders of the PT. The PT wing to which he belongs is called the "Leftist Option," a group headed by Sao Paulo State Deputy Rui Falcao, national vice president of the PT.

Colombia

Senator Views President's Remarks on U.S. Troops Presence

PA0802155794 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 8 Feb 94

[Interview with Colombian Senator Enrique Gomez Hurtado, of the National Salvation Movement, by unidentified reporter; place not given; from "Caracol's 0600 to 0900" newscast—live]

[Text] [Reporter] We greet Senator Enrique Gomez Hurtado this morning. Mr. Gomez, what is your opinion of the explanation given by President Cesar Gaviria yesterday regarding the presence of U.S. troops in Junachaco, Valle Department?

[Gomez] Undoubtedly, once again we have not been given an explanation. What the president said yesterday is that he is unwilling to tell us what the hell the Americans are doing in Juanchaco. As you know, the Presidency's Legal Secretariat has sent me....

[Reporter, interrupting] A letter.

[Gomez] A very strange letter, in which one paragraph explicitly states the members of Congress have no right to question the truth of government statements. I believe this letter is unique in the democratic world. This totally rules out the possibility that the delegates of public opinion have knowledge of what the government is doing.

In my opinion, those very recent agreements signed by the defense minister clearly violate the Constitution, because these matters are clearly the responsibility of the congressional Second Commission and plenum. Here, we are dealing with clandestine treaties. As you well know, international treaties are above the Constitution, but for their approval and signature, the Constitution establishes certain requirements. These treaties were signed in secret; besides, they took advantage of the fact that the congressional plenum was not assembled to do what they are doing over there; of course, this is not a matter of the building of little schools. Not one Colombian has believed that story [words indistinct].

[Reporter] If they are not building little schools, what are they doing?

[Gomez] This is what we all are asking; besides, we are also asking what right do the Presidency of the Republic, the Defense Ministry, and the Military High Command have to systematically lie to us? They are throwing a smoke screen. Just because we are now in preelection times we cannot criticize the government. We are then accused of demagoguery. They are using a circumstance as an election issue. The problem is the circumstance is very serious.

[Reporter] If the congressmen and reporters cannot go over there and see what they are doing, question, investigate what is going on, then who in Colombia can?

[Gomez] That is precisely the question we are all asking. I believe as soon as the congressional sessions open, this will be the first debate that must be broached. They are also telling us it was wrong to criticize the use of the presidential plane for a party, that we are using this as an election tool. Now, what else can we expect? Just because we are in the midst of a preelection period, we have no right to criticize anything; therefore, the government has the right to do everything it pleases.

I believe we are completely distorting political actions, and above all we are seriously trampling Congress' jurisdiction. This is a situation of, shall we say, information dictatorship similar to Finance Minister Hommes' fiscal dictatorship. The situation is very touchy.

[Reporter] President Gaviria says he does not understand why everyone is surprised by the U.S. forces' presence here, as this has been going on for the past 50 years.

[Gomez] Look, I am not one to shield myself behind the flag to say: Gringo go home! Not at all. The matter is that one cannot lie. President Nixon lost the Presidency for a much less serious lie than the one they are perpetually telling us. It does not bother me that they are there, but we should be told what they are doing.

One cannot authorize the passing of troops with all the elements of the passing of troops based on agreements that grant everything described, from a military point of view, as the passing of foreign troops [sentence as heard]. All of this was done behind Congress' back; furthermore, the goals of those passing troops are systematically denied. If they had told us, we probably would have approved their presence. I am not saying this is good or bad. What is [word indistinct] is clandestine. Clandestine matters allow public opinion to imagine whatever it wants. Usually, whatever is hidden is bad.

Presidential Hopefuls' Reactions

PA0802201494 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 8 Feb 94

[Statements by Colombian presidential hopefuls, who were asked if President Gaviria had made a mistake in allowing the presence of U.S. soldiers; from the "National" newscast; speakers identified by caption—recorded]

[Text] [Ernesto Samper, Liberal Party] The situation is particularly outrageous in areas like Buenaventura where

there is a 60 percent unemployment and underemployment rate. We do not need to bring in labor forces, not even to carry out exercises.

[Humberto de la Calle, Liberal Party] I think this sort of operation was mishandled from the very beginning. It should have been clearly explained and not with half-truths.

[Miguel Maza Marques, Conservative Party] Besides blowing it by allowing their presence, the country has been lied to. This is, in my opinion, a doubly unfortunate position by the president.

[Gabriel Melo, Conservative Party] That was a shameful agreement. Foreign troops were granted permission to bear arms, use all ports and airports, and conduct emergency night flights, according to the agreement. All this to build a small school?

[Carlos Lemos, Liberal Party] The country has not been told the truth. Proof of this is that when the defense minister returned to work after a heart ailment, he told the country that it was about time to clarify what had happened in Juanchaco and other parts of the nation.

[Enrique Parejo, Conservative Party] I do not think they fooled the president. Who knows what is behind all this. Therefore, it is important the president explain.

Gaviria To Be Investigated

PA0902030094 Paris AFP in Spanish 0143 GMT 9 Feb 94

[Text] Santa Fe de Bogota, 8 Feb (AFP)—The Council of State, Colombia's highest court of administrative litigation, on 8 February asked the House of Representatives' investigative commission and the Attorney General's Office to investigate President Cesar Gaviria in connection with the presence of U.S. troops in the country.

The Council of State thinks Gaviria may have violated the Constitution by authorizing the presence of foreign soldiers in Colombian territory without consulting either the Council of State or the Senate.

Further on Gaviria Investigation Request

PA0902042294 Paris AFP in Spanish 0253 GMT 9 Feb 94

[Text] Santa Fe de Bogota, 8 Feb (AFP)—The Council of State, Colombia's highest administrative litigation court, this Tuesday asked the House investigative commission and the Attorney General's Office to investigate President Cesar Gaviria concerning the presence of U.S. troops in the country.

The Court's believes that the head of state could have violated the Constitution by authorizing the arrival of foreign soldiers in Colombian territory without consulting the Council of State or the Senate, so it requested an investigation.

The issue refers to the 5 January arrival of 150 U.S. military engineers in Juanchaco on Colombia's Pacific coast with the declared purpose of building a school and health center and renovating some roads.

The presence of U.S. soldiers in this area and in Meta Department, where radar installations were erected, as well as the constant passage of vessels and military aircraft through Colombian territory gave rise to a heated debate and heightened arguments among candidates during the electoral campaign.

In light of the situation, the Council of State asked for an explanation from the president, who last week submitted an extensive document, based on which the Court issued the following pronouncement adopted unanimously following a five-hour session:

"1. The government has at no point asked for an opinion to permit the transit and permanence of foreign troops as well as foreign vessels and aircraft in the national territory in accordance with the provisions of Articles 189 and 237 of the Political Constitution.

"2. In light of the Constitution, it does not find convincing the explanations given by the government on the decisions it has made concerning this matter, because the interpretation of the text of the same and the treaties and agreements signed by Colombia is opposed to the letter and the spirit of the Political Constitution and violates national sovereignty.

"3. From the same explanations, it can be deducted that the Senate did not grant the permission established by Article 173 of the Constitution.

"4. Given the situation that has arisen, it believes that U.S. military troops, vessels, and aircraft are in Colombian territory without fulfilling with the requisites set forth in the Constitution.

"5. According to Article 9 of the Constitution, the president of the Republic is responsible for the foreign relations of the Colombian State with absolute respect for national sovereignty.

"Consequently, it is unusual that the president says that the minister of defense gave the authorization without his previous knowledge when the memorandum of understanding signed by said minister with the U.S. ambassador on 29 October 1993 establishes that they are acting with 'due authorization from their respective governments'."

It should be noted that the last Colombian president investigated by the House was former General Gustavo Rojas Pinilla in 1958. Rojas had assumed power in a coup d'etat five years earlier.

Escobar's Personal Files Implicate Raul Castro, Others

PA0802221994 Madrid EFE in Spanish 0408 GMT 8 Feb 94

[Text] Santa Fe de Bogota, 7 Feb (EFE)—The television newscast Q.A.P today revealed documents from the personal files of Pablo Escobar Gaviria, the slain head of the Medellin Cartel, which compromise politicians, judges, officers, and other personalities. Included among the documents is a video that shows a cartel member asking Escobar not to kill him and reminding him of his involvement in terrorist attacks, kidnappings, and alleged intercessions in Cuba before someone identified as Raul Castro.

Although the video does not mention the contact's position, it is believed to be Raul Castro, brother of Cuban President Fidel Castro and commander of that country's Armed Forces.

It also mentions without naming them some people close to former Venezuelan President Carlos Andres Perez, according to the television newscast.

The documents, which include photographs, videos, and letters, reveal the irregularities committed at Envigado's La Catedral prison, where Escobar was held for almost a year with 14 of his most sinister lieutenants, who held loud, bawdy parties with hundreds of persons illegally entering the facility. Trials were even held against members of the Medellin Cartel. Escobar also had secret documents belonging to the DEA and various Colombian state entities. He had the names, addresses, and telephone numbers of people who testified against him and reports on bribes he paid to judges and politicians.

The authorities also found among Escobar's possessions documents belonging to the Cali Cartel, but the greatest share of the papers consisted of letters from people and institutions asking him for money for different purposes, among them a letter from a community of nuns requesting his "good offices" for a social project. The father of the killer of presidential hopeful Bernardo Jaramillo went to La Catedral to ask for money to purchase a home and thus reward the "courage" of his son, who was barely 15 years old when he was killed in the ensuing reaction by bodyguards of the Patriotic Union candidate.

With the discovery of Escobar's personal files, the authorities have been able to clarify many deaths, kidnappings, and attacks perpetrated on the orders of this major drug trafficker and terrorist, who was killed in a shoot out with police on 2 December in Medellin.

Roundup of Economic Developments

PA0802165094

[Editorial Report] The following is a compilation of reports on Colombian economic developments monitored through 8 February.

Corabastos (expansion unknown; involves supplies) reports that in January the price of 30 basic staples increased by between 0.5 and 204 percent. On 1 February, the DANE (National Administrative Department of Statistics) released a report on the cost of living for January showing a considerable increase in food prices, which could raise the cost of living index by as much as 3.5 percent. Meanwhile, Cesar de Hart Vengoechea, president of the Association of Colombian Farmers, said the consumer index was low because of the sacrifices of the farming sector and low profits. He said the opposite would be true with increased prices and farmers would be able to make a little profit. (Santa Fe de Bogota EL NUEVO SIGLO in Spanish 1 Feb 94 p 2B)

During January, food and transportation prices increased the most and the consumer index increased 3.15 percent. This increase was .09 percent lower than the same period in 1993 when a 3.24 increase was recorded, which raises the government's hopes of meeting its goal of 19 percent inflation in 1994. DANE Director Rodolfo Uribe says the index was affected primarily because the price of vehicles, gasoline, parking lots fees, tires, etc. increased 9.23 percent. Prices in the health sector increased the most in areas like consultation, hospitalization, lab tests, and dental services. (Santa Fe de Bogota EL NUEVO SIGLO in Spanish 2 Feb 94 p 1, 1B)

* Contraband Sales Cut Textile Industry Profits

94SM0193A Santa Fe de Bogota EL TIEMPO in Spanish 10 Jan 94 p 10B

[Text] Medellin—Smuggling, underbilling, and money laundering continue to cut into the profits of the Colombian textile industry.

Compared with the "good old days" of the leading Antioquian textile mills in early 1993, profits reported for the third quarter of last year indicate that it was not a good year, nor is the situation expected to improve in 1994.

Even though factories have not announced the results of operations leading into 1993, smuggling, underbilling, and money laundering combine to indicate that it is highly unlikely that losses built up during the year will be recovered during the final four months.

Another reflection of the situation appeared in December when Fabricato, COLTEJER [Colombian Textile Company], and Tejicondor shares were among the five companies whose quotes suffered the steepest drops.

COLTEJER, which in 1992 earned profits of 10 billion pesos, ended the third quarter of 1993 with losses totaling 7.336 billion pesos. Fabricato began 1993 with profits of 9.499 billion, but by the third quarter, results totaled scarcely 504 million.

In 1992, Tejicondor earned net profits of 3.565 billion pesos. However, by the close of the third quarter, it had earned only 526 million.

More Smuggling

"We did lose money, but we still do not know how much," said Tejicondor President Abel Perez Gil in summing up 1993, a year that saw 3,000 workers laid off by the country's 500 textile companies.

Perez reported that the company's sales were 18 percent lower than anticipated at the start of 1993. Last year, only 41 billion pesos worth of goods were sold, compared with a goal of 50 billion.

The president of Tejicondor believes that smuggling and the government's inability to control it, despite its intention of imposing port restrictions once again, are the basic causes of the crisis we are facing, a crisis that in 1993 was merely circumstantial, but that now threatens to become structural.

"How can we not need restrictions when we are drowning in textiles as a result of underbilling and money laundering?" the business executive asked.

In early 1993, the lack of minimum reference prices, combined with subsidized imports and smuggling, resulted in a loss of 30 percent of the domestic market.

According to Perez, "fabrics ranging from $.10 to $5.00 are entering the country and, except for Medellin, Customs is not going its job. Furthermore, any estimates of what comes in is false. In addition, the only country with money laundering is Colombia. A laundered dollar is worth only a fourth as much as an official dollar."

The businessman said that while it is practically impossible to ascertain the volume of textiles smuggled in or resulting from money from drug trafficking, if Customs seized some 9 million meters of fabric in 1993 (equivalent to Tejicondor's production for three months), much more has come in through undetected operations.

According to these estimates, imported textiles have garnered some 30 percent of the market, and 70 percent of all imports comprise unfair competition.

Textile workers claim that such measures as minimum import prices for 31 types of textiles have not been as effective as hoped either.

They say that, under the circumstances, despite the government's encouraging predictions, the sector's problems will be reflected in the coming annual balance sheets.

For the time being, the textile industry knows that the new year has begun, accompanied by adjustments in investment programs, possibly more layoffs of workers, and the discussion of petitions in a number of companies.

All signs indicate that any hope of recovering first semester losses during the latter half of 1993 has been thwarted or, more appropriately, unraveled. Consequently, the nation's textile plants are reportedly on the brink of a crisis as serious as the one experienced in the early 1980's.

* Privatization of Minister Enterprises Studied

94SM0193B Santa Fe de Bogota EL TIEMPO in Spanish 10 Jan 94 p 11B

[Text] Barranquilla—Two of the country's largest mining projects could be transferred to the private sector. The government has expressed its support for privatizing Colombian Coal (CARBOCOL) and selling off its stock in the Cerromatoso nickel mine.

According to Mines and Energy Minister Guido Nule Amin, as a result of the government reform of a year ago that led to the creation of the Colombian Coal Enterprise (ECOCARBON), CARBOCOL was left managing no more than Colombia's share of El Cerrejon. Furthermore, since it was capitalized, it is now on a sound footing.

Nonetheless, the minister said that the enterprise is no more profitable because prices on the international coal market are far below initial projections.

The government is therefore weighing the possibility of reorganizing the enterprise, hoping to bring in the private sector. "We have ordered a number of studies that are measuring all these possibilities on a national and world level. In my opinion, it would be very useful for us to privatize CARBOCOL totally. It is essentially a marketing activity in which the government has no reason to be involved."

Concerning Cerromatoso, in which the Industrial Development Institute has an important interest, the minister said there is no justification for the involvement of the latter organization either.

Nule presided over a meeting of the Urra, Inc. board of directors in Barranquilla that passed a budget totaling 48 billion pesos for 1994. The figure does not include any of the loans granted, the first of which would go to the Electric Corporation of the Atlantic Coast (CORELCA).

Urra Manager Jose Camilo Manzur said this year's first goal involves social programs, the purchase of nationally owned lands, and the relocation of people, without neglecting other matters such as the signing of loan contracts and progress on civil engineering projects already under way.

The government is bent on promoting the program to privatize several entities. The list will include such banks as the Bank of Colombia, the National Bank, and the People's Bank, and power plants such as the Betania Hydroelectric Plant.

The Executive Branch believes it should allow the participation of the private sector in the activities in which it engages.

Ecuador

Indians Announce Peaceful Protests for 8, 9 Feb

PA0802161394 Quito Voz de los Andes in Spanish 2300 GMT 7 Feb 94

[From "The Voz Andes" newscast]

[Text] Indian leaders announced that on 8 and 9 February, Ecuadoran Indians will stage peaceful demonstrations on the streets to protest the government decreed fuel increase.

Luis Macas, president of the Confederation of Indian Nationalities of Ecuador, said the people are currently asking the government to reconsider the law, which also interests the Indians. That is why we are going to stage a preventive demonstration. Macas pointed out that the Indians will stop their activities, set up blockades, and march during the day to express their dissatisfaction with the 71-percent fuel increase, which has been in effect for more than a week.

Macas added that if the government does not heed the Ecuadoran people's protests, they will obviously have to consider stronger measures.

Indians, Students Demonstrate

PA0802195694 Paris AFP in Spanish 1726 GMT 8 Feb 94

[Report by Santiago Piedra]

[Text] Quito, 8 Feb (AFP)—Ecuadoran Indians today occupied roads and blocked traffic while students continued to stage major disturbances in Quito to protest a recent 71.2-percent increase in gasoline prices—a price increase the government has applied to compensate for a budget deficit.

With the support of student groups and of the powerful United Workers Front (FUT), the Confederation of Indian Nationalities of Ecuador (Conaie), which comprises the majority of the nation's Indian groups, initiated a 48-hour peaceful uprising to protest the "unpopular" economic measures adopted by the administration of right-wing President Sixto Duran-Ballen. On 28 January, the president ordered a gasoline price increase that hiked the price on a gallon of regular gasoline from 1,460 sucres to 2,500 sucres (from $0.71 to $1.22).

Government spokesmen have explained that the price adjustment will generate revenue to compensate for a $260 million budget deficit prompted by a surprising drop in Ecuadoran oil prices on the international market, where Ecuadoran oil traded at less than $11 a barrel in December and January. The increased fuel prices led to strong protests in Ecuador, where a tense calm has been reigning for the past two weeks because of street demonstrations carried out by students who have stoned vehicles and government buildings, as well as burned tires in the streets.

The disturbances have become violent in the port city of Guayaquil, southwest of Quito. In Cuenca, in the Andean province of Azuay, attempts were made to torch the governor's office with "Molotov" cocktails.

While the workers showed their opposition to the gasoline price increase by calling for a general strike last Thursday, the Indians joined the protest today with a peaceful uprising, which is blocking the country's overland traffic. According to initial reports received in Quito, the Indians—who comprise about 3.5 million of Ecuador's population of 11 million people—blocked the Panamerican Highway in several areas north of the capital. These demonstrations have practically paralyzed all traffic, which could adversely affect trade with neighboring Colombia.

Numerous communities in the provinces of Cotopaxi, Tungurahua, Chimborazo, Canar, and Azuay, south of the Ecuadoran capital, also witnessed the blocking of roads with barricades, some of which were removed by police and Armed Forces personnel deployed to preserve public order.

Government Minister Marcelo Santos said the Indian uprising is attempting to destabilize the economy by preventing normal business activities. He added this is why the public forces will work to guarantee the free flow of vehicles. Santos also talked about the need to hold a national dialogue in which, he said, "we should attend with tabulae rasae, without conditions" in the search for solutions to Ecuador's problems.

Defense Minister Jose Gallardo, meanwhile, said he was concerned because the Indian protest is paralyzing exports of Ecuadoran flowers, which have increased in the past few days because of Valentine's Day in the United States. According to Gallardo, the Army and the police will do everything possible to clear the roads, and he said exact instructions have been given to avoid possible confrontations.

President Sixto Duran-Ballen yesterday spoke about the possibility of ordering a state of emergency to prevent public disturbances. "We are not going to allow the country to be paralyzed," he said in a meeting with journalists.

The Indians staged a two-month-long uprising in 1990 against Rodrigo Borja's social democratic administration (1988-92). At that time, the Indians demands included autonomy for territories in the Amazon region, the site of rich oil fields. Borja rejected the demand, saying the Indians were trying to create a state within the Ecuadoran state itself.

Quito Reports Indian Communities' 48-Hour Demonstration

PA0902002494 Quito Voz de los Andes in Spanish 2300 GMT 8 Feb 94

[From the "The Voz Andes" newscast]

[Excerpts] Ecuadoran Indian communities have begun a peaceful 48-hour mobilization with marches and blockades on the country's main roads to reject the economic measures established by the conservative government.

President Sixto Duran-Ballen, who is facing the second paralyzation of activities in less than six days, said that strikes lead to nothing but loss for the country.

In addition, high school and university students have resumed clashes with Quito police, and the government has responded by stating that it has not ruled out the possibility of implementing emergency measures to protect public and private property.

The Indian communities joined the workers' and students' general protest that began last week as a means of pressuring the government into revoking a fuel price increase of up to 71 percent.

National government spokesmen reiterated that the adjustment measures will not be revised and called for a tripartite dialogue among businessmen, workers, and the government to reach agreements that will not result in losses for the country. President Sixto Duran-Ballen told reporters that a consensus must be sought and that the parties involved must come to the dialogue with open minds and a willingness to accept valid arguments from others and to admit that they are wrong. [passage omitted]

Meanwhile, Luis Macas, president of the Confederation of Indian Nationalities of Ecuador, held a news conference and proclaimed the strike a success as all provinces are participating.

Radio and television reports stated that the Indian stoppage has been carried out in a peaceful manner and that activities are normal in the central and western regions of the country. The Indians' stoppage will end tomorrow with a march during which participants will bang on empty pots and pans.

A few minutes ago we were able to verify that the Ibarra road is closed; there is no traffic. Cuenca is also completely isolated. The Army is now controlling the interprovincial highways, and there is no violence.

Duran-Ballen Says Economic Measures Will Remain Unchanged

PA0802153994 Quito Voz de los Andes in Spanish 2300 GMT 7 Feb 94

[From "The Voz Andes" newscast]

[Excerpt] President Sixto Duran-Ballen has reiterated that despite protests by government officials, the economic measures will not be changed. Duran-Ballen said he will not change his mind about the measures. He said that if the Court of Constitutional Guarantees determines the measures are unconstitutional, the government will appeal the decision to the Supreme Court of Justice, which will have the final word. The Court of Constitutional Guarantees will submit a final report on the demands presented by three political parties regarding the unconstitutionality of the economic measures adopted by the government.

When questioned about the protests, Duran-Ballen stated the government will not allow tantrums, and he said emergency measures will be taken if deemed necessary. [passage omitted]

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